



Government of
Saskatchewan

Annual Report 1998 - 1999

**Saskatchewan
Agriculture and Food**



**Annual Report
1998-99**

**Saskatchewan
Agriculture and
Food**

**Ninety-Fourth Annual Report
for the twelve months ending
March 31, 1999**

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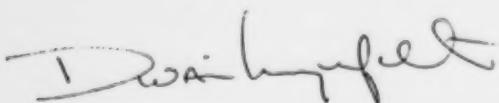
Letters of Transmittal

Her Honour
The Honourable Lynda Haverstock
Lieutenant-Governor of the Province of Saskatchewan

Your Honour:

I have the honour to submit the annual report of Saskatchewan Agriculture and Food for the twelve months ending March 31, 1999.

Respectfully submitted,



The Honourable Dwain M. Lingenfelter
Deputy Premier and Minister of Agriculture and Food

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Sir:

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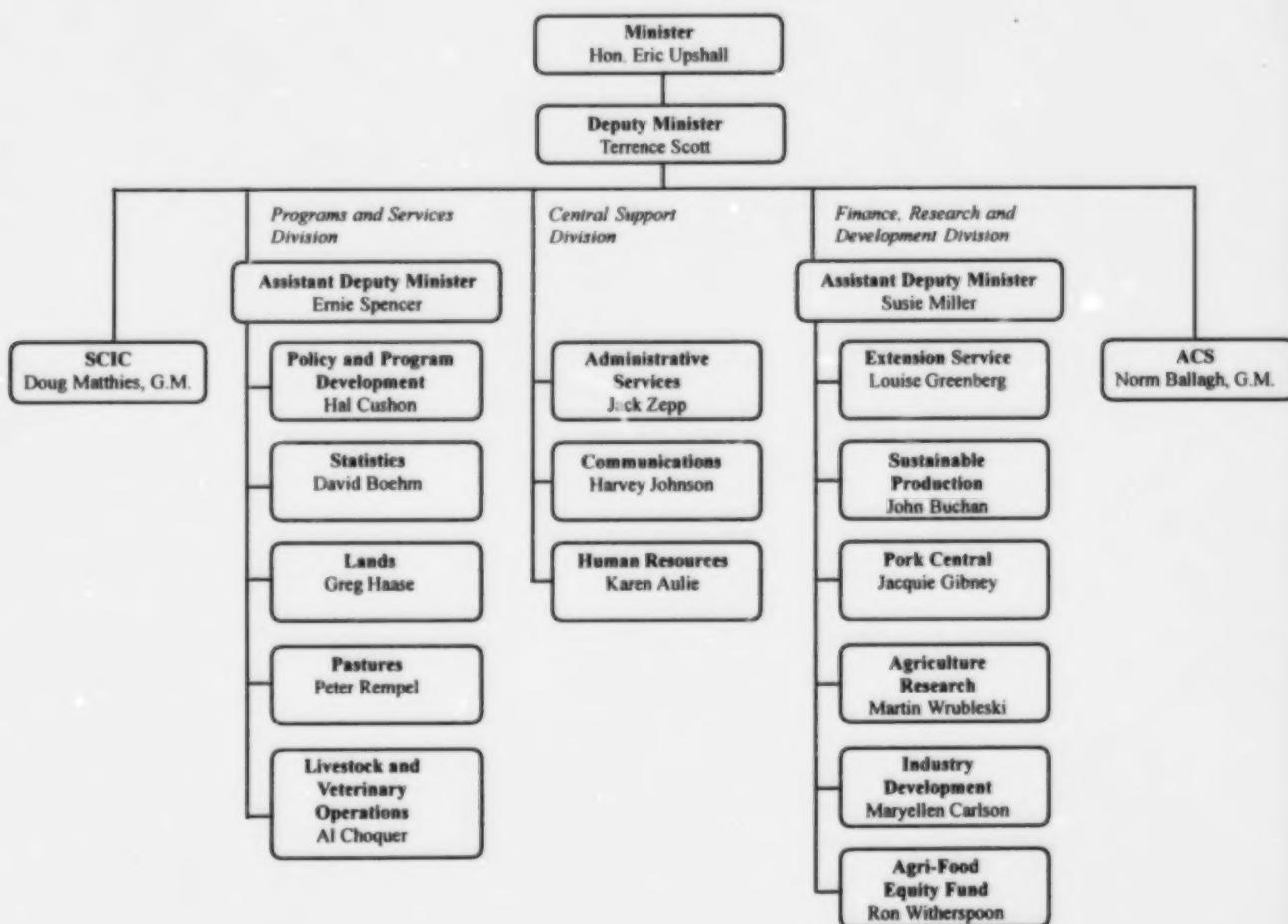


Terrence Scott
Deputy Minister

Department Structure

SAF is composed of three major divisions: Programs and Services, Central Support and Finance, Research and Development, and the two Treasury Crowns: Saskatchewan Crop Insurance Corporation (SCIC) and the Agricultural Credit Corporation of Saskatchewan (ACS).

Saskatchewan Agriculture and Food Organization Chart (1998-99)



IMPORTANT NOTE CONCERNING THE FOLLOWING PAGES

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Strategic Direction

Saskatchewan Agriculture and Food (SAF) has always been keenly aware that we cannot work in isolation because our agriculture and food industry is so important and complex, and is so sensitive to the influences of the international marketplace. Our plans must be built within the dynamic environment of our industry as it evolves and adapts to the ever changing world.

SAF's operations continued to be guided in 1998-99 by the *Agriculture 2000* strategic direction. This strategic direction was the result of extensive consultations with farmers and industry organizations. *Agriculture 2000* contains a vision for the province's agricultural sector.

"Saskatchewan's agriculture and food industry will improve the lives of all Saskatchewan people by continuing to develop as an economically and environmentally sustainable industry."

The strategy to shape Saskatchewan's agricultural industry is defined by three foundations:

- a) We must address the changes that will occur on the individual farms in Saskatchewan . . . To provide the opportunity for farm families to manage their land, better control their future and to be economically successful.*
- b) We must encourage and develop higher value production . . . To diversify the agriculture and food sector and to add value to our agricultural production.*
- c) We must consider the institutional changes and relationships that will enable Saskatchewan agriculture to compete in the world economy . . . To promote production, marketing, research, education and training institutions which contribute to the development of family farms, diversification and value-added production.*

The mandate of the department is to add value to agriculture by fostering a commercially viable, self-sufficient and sustainable Saskatchewan agriculture and food industry in partnership with industry. This mandate addresses the needs of individual farms, encourages and develops higher value production and promotes institutional changes required to meet the challenges and opportunities of the future.

SAF Vision

Our Vision Statement is our "imagination of what we want SAF to be":

"A learning organization, dedicated to effectiveness and innovation in public service."

In Partnership: to promote growth of an agriculture and food sector that embraces change to meet the challenges and opportunities of global competition."

SAF Future Directions

The "Future Directions" of SAF are long-term goals that will help SAF achieve its Vision.

TOWARDS AN ORGANIZATION THAT:

Builds the Reputation of Saskatchewan's Agri-Food Industry World Wide

No one is likely to invest in Saskatchewan's agri-food industry or to purchase its products if they are not aware of the province's opportunities. SAF needs to play a central role in building the awareness and reputation of Saskatchewan as a place to do business in agriculture and in related industries. Domestic and international players need a firm understanding of the economic possibilities of the province. SAF needs to continually reach out to those whose ingenuity, resources, and business initiative can help to build the agri-food economy.

Promotes Diversification and Adds Value to the Products of the Agri-Food Industry

Diversification and adding value have many meanings in the agri-food industry. Greater diversity in primary agriculture contributes to a farm economy with better stability and ability to deal with economic risk. This diversity can also provide the base for new value-added processing opportunities. One of the most important directions SAF must pursue is to assist the industry to find ways to produce and market higher-value products to capitalize upon the relatively strong growth in these markets relative to bulk commodity markets.



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Supports Sustainable Growth in the Agri-Food Industry

Growth in the agri-food industry is necessary to provide opportunities for people to run businesses and to work in the agri-food industry. But the growth must be sustainable growth. This means achieving growth while conserving and protecting the natural resources upon which agriculture and non-agricultural activities depend. It also means producing crops, livestock and processed products in a way that provides a safe human environment and high quality, healthy end-products for consumers.

Contributes to a Secure Climate for Investment in the Agri-Food Industry

Investment has a habit of avoiding business environments with excessive levels of boom and bust in the marketplace. Agriculture has long been challenged by natural hazards of production and volatile markets. Business arrangements that effectively deal with production and market risks need to be adopted. In addition, insurance and stabilization tools need to provide a level of stability for the industry, while allowing businesses to respond to marketplace needs. A secure climate for investment that is competitive with other jurisdictions is critical to economic growth.

Creates Strong Relationships and Partnerships with the Agri-Food Industry and its Institutions

No single business, research institution, education institution, or government department or agency, can be all things to all people in the agri-food industry. The industry needs are far too diverse and complex. With this in mind, SAF must build strong relationships and partnerships with other players in the industry to make the most effective contribution. Building relationships takes time and patience and, once built, can be easily lost. But, strong relationships and partnerships are the only route to success.

Provides Specialized Programs, Services and Knowledge to the Agri-Food Industry

Henry Mintzberg, a noted management consultant and author, once said, "I do not wish to buy my cars from government any more than I wish to receive my policing services from General Motors." To put this in the current context, SAF needs to provide what it does best and leave the rest to our partners in the agri-food industry. As a government player, SAF is equipped to meet certain needs that others are not. Conversely, producers, universities, agribusiness and researchers each have their particular role which SAF is not equipped to perform. Put another way, SAF must ensure that we bring to our industry partnerships unique contributions that clearly add value to those partnerships.

Uses Leading-Edge Technology Effectively

Technological advance has certainly revolutionized the agri-food industry. Overwhelmingly, organizations that use leading edge technology effectively are those that add value to their product and give value to their customer. SAF must play a vital role in recognizing new technology that addresses the challenges and meets the problems the agri-food industry will face in the future. SAF must also play its role in transferring technology in its many forms to the ultimate industry users of technology. Of particular importance will be SAF's use of information technology as a tool for sharing information and delivering programs and services.

Builds on Learning, Dedication and Innovation

Learning, dedication and innovation are words from SAF's vision. Knowledge must be continually acquired in today's fast-paced and ever-changing agri-food industry. Constant learning by all SAF employees will be vitally important to future achievements. A challenge will be to learn the right things in a world of unlimited information. Success can never be had without dedication and commitment to the organization and its vision. Finally, SAF and its employees must innovate to drive change, and to respond to changing industry demands, as these redefine the need for SAF's services.

Department Goals

As part of our internal planning framework, the SAF Vision and Future Directions are further defined by a set of Department Goals that guide our "expectations for results" for the broad range of programs and services provided by the department.

Goal 1 - Generation of technology for new and better products, increased output, reduced production costs and environmentally sustainable practices.

Goal 2 - Easy and timely access to information and technology, appropriate to the agri-food industry's business management needs.

Goal 3 - Unique and innovative financing to meet capital needs for diversification and adding value to agriculture.

Goal 4 - Enhanced productivity and sustainability of agricultural resources to ensure sustained business opportunities.

Goal 5 - A regulating environment that enables growth through high quality products, food safety, environmental protection and market access.

Goal 6 - Effective management of business risks, with the agri-food industry responding to market signals about what to produce.

Goal 7 - Identification of new business opportunities in the agri-food industry.

Goal 8 - Provincial, national and international policies that promote growth, diversification and adding value to the Saskatchewan agri-food industry.

Goal 9 - Client satisfaction through friendly and effective customer service.

Goal 10 - A responsible and accountable organization with knowledge, skills, information and authority to perform with excellence.

Goal 11 - Responsible financial management and administration based upon strategic priority setting.

Goal 12 - Industry awareness of SAF's direction, goals, policies and programs.

Branch and Agency Mandates and Objectives

Each branch made a commitment to:

- Contribute to furthering the directions and goals of SAF within their mandates.
- Pro-actively manage human resources to maximize employee potential and performance by: integrating individual work plans with branch objectives, enhancing performance management, facilitating learning opportunities, and responding to employee survey action teams.
- Develop an active communication plan that promotes recognition for branch and department efforts, increases credibility of staff, and improves client understanding of how individuals and branches work to enhance development of the agriculture and food industry.

ADMINISTRATIVE SERVICES BRANCH

Mandate: *To assist with financial management and information technology to support an efficient and effective delivery of programs and services.*

Objectives:

- Provide financial accounting and reporting services to our clients and stakeholders.
- Provide operational services and support to our clients and stakeholders.
- Provide information technology support and services to our clients.
- Provide business improvement support to our clients.

AGRICULTURAL CREDIT CORPORATION OF SASKATCHEWAN (ACS)

Mandate: *To promote the wind-up of the loan portfolio in a timely and efficient manner.*

Objectives:

- Management of the current portfolio to maximize recovery while ensuring sensitivity to customer needs.
- Maintenance of debt resolution partnerships which serve the interest of all parties.
- Resolution of outstanding delinquent accounts by focusing on those accounts that are over 900 days delinquent. In addition, resolution of Saskatch-

ewan Crop Insurance Corporation (SCIC) and Lands Branch accounts will be directed at the largest of these accounts and those that originated prior to 1993. ("Resolution" includes settlements, interest concessions, write-offs, accounts brought current or paid out.)

- Achievement of an orderly wind-up of the Corporation's affairs by March 31, 2000.

AGRICULTURE RESEARCH BRANCH

Mandate: *To manage and co-ordinate SAF research investment.*

Objectives:

- Develop, communicate and implement a SAF research and development (R&D) strategy that focuses on priority areas and defines the relative role of industry funding.
- Determine the role of SAF in providing R&D financial support to companies.
- Revise the R&D project assessment and evaluation process jointly with contributing branches.
- Develop a technology transfer framework for SAF R&D projects in partnership with other branches.
- Review, revise and communicate the SAF intellectual property policy for R&D investments.

AGRI-FOOD EQUITY FUND BRANCH

Mandate: *To develop the industry through the placement of equity in business projects.*

Objectives:

- Invest \$20 million in value-added agriculture and food initiatives.
- Actively identify and analyse investment opportunities for agriculture and food based initiatives.
- Develop a portfolio management system which monitors individual and aggregate performance, and allows for internal auditing.
- Work with other government agencies in order to develop an overall government investment strategy.
- Conduct training or informational sessions with department staff, other government agencies, or the business community, which focus on sharing branch expertise in the areas of equity investing, general financing, business management, due diligence and market analysis.

COMMUNICATIONS BRANCH

Mandate: *To co-ordinate and provide assistance to effectively communicate and market the department's policies, programs and services.*

Objectives:

- Effectively market Communications Branch services to appropriate client groups.
- Assist the development and manage the electronic information dissemination for the department (Intranet/Internet).
- Expand activities regarding agricultural awareness – particularly targeted at the Saskatchewan urban audience.
- Refine and expand the strategic communications planning process within the department.
- Review and revise Communications Branch services offered to various client groups.

EXTENSION SERVICE BRANCH

Mandate: *To assist in the adaptation of cost effective technology in producing products and to provide information on SAF programs.*

Objectives:

- Adapt, develop and deliver information to clients on new production and management practices and technologies in traditional and emerging commodities and areas.
- Increase the degree of specialization and skill sets of employees in order to offer focused information and services based on client needs.
- Create equitable partnerships with governments, industry associations and producer groups in order to increase the efficiency and productivity of Extension Service resources.
- Develop and implement employee and branch customer service standards that enhance the quality and timely service that we provide.

HUMAN RESOURCES BRANCH

Mandate: *To assist in the areas of human resource management and organizational development.*

Objectives:

- Implement and develop additional components of the department's strategic human resource management model.
- Deliver consultative service that enables clients to meet their business needs.

- Lead change initiatives of human resource transformation for the department.
- Implement the department learning policy.

INDUSTRY DEVELOPMENT BRANCH

Mandate: *To provide specialized services for Saskatchewan agriculturally based industry through institutional development, food regulatory policy and business development.*

Objectives:

- Provide specialized services and information to the agri-food industry in partnership with the Saskatchewan Food Industry Development Centre and its membership.
- Identify and analyse market developments and opportunities for the agri-value industry in Saskatchewan.
- Deliver information and expertise on bison, chicken, neutraceuticals, food processing, quality assurance, organic products, specialized livestock and specialized crops to industry, so that they are able to become more competitive and act on diversification opportunities.
- Develop, review and amend SAF's policy and regulations to ensure that they further industry expansion.

LANDS BRANCH

Mandate: *To provide farm business opportunities through leasing and sales programs while promoting public objectives of integrated land use and a sustainable land resource.*

Objectives:

- Continue to develop new and maintain existing programs that ensure sustainable management and proper use of both occupied and unoccupied Crown land.
- Develop new programs and procedures that will assist to balance environmental, economic, social and cultural goals of Crown land management.
- Make necessary adjustments to reduce cost and time expended in accounting for Crown land assets and to comply with generally accepted accounting principles.
- Strategically position the branch to provide exceptional, cost effective, client service in the day to day delivery of our leasing and sales programs.
- Develop and implement procedures that improve the accuracy of records associated with Crown land management.

- Ensure that opportunities for integrated land use are encouraged and that where appropriate, integrated land use plans are developed.

LIVESTOCK AND VETERINARY OPERATIONS BRANCH

Mandate: *To support the agri-food industry by providing services and administering regulations for financial initiatives, animal disease control, environmental reviews, inspections, licenses, registrations and complaint resolution.*

Objectives:

- Provide excellent program delivery.
- Identify training needs within the branch and to provide the necessary learning opportunities for personal development and improved client service.
- Identify the changing needs of industry to develop supportive regulations, policy and programs.
- Improve planning for more effective and efficient branch operations.
- Enhance our communication within the department and to our clients.
- Update or create policy and procedure manuals to provide guidance to the industry and staff.

PASTURES BRANCH

Mandate: *To provide livestock business opportunities through a community pasture program while promoting public objectives of integrated land use and a sustainable land resource.*

Objectives:

- Provide supplementary grazing and beef management services to enhance livestock diversification.
- Provide supplementary grazing to area livestock producers.
- Provide high quality livestock nutrition, health and care services to add value to patrons' animals.
- Improve environment and agricultural sustainability of marginal Crown lands.
- Maintain permanent cover on marginal lands to prevent soil degradation.
- Practice sound range management to ensure sustainable production.
- Manage pasture resources to accommodate complementary uses such as: wildlife habitat, eco-tourism, heritage interests and mineral activities.
- Improve the grazing capability of land through forage improvement projects.
- Obtain full rejuvenation of forage stand on previously broken lands.

- Reduce bush encroachment on to pasture land.
- Provide better rangeland management.
- Develop rangeland management plans for each pasture.
- Implement new enterprise opportunities which have been analysed and will result in better use of resources and generate additional revenue.
- Provide year round livestock management where possible to meet customer needs and make better use of human resources.

POLICY AND PROGRAM DEVELOPMENT BRANCH

Mandate: *To anticipate and analyse economic opportunities and policy issues and respond by developing appropriate strategies.*

Objectives:

- Anticipate events, problems and opportunities that will impact the Saskatchewan agriculture and food sectors.
- Undertake economic analysis and research related to problems and opportunities.
- Identify public policy issues raised by stakeholders, clients/customers.
- Develop public policy options and strategies that address public policy issues.
- Undertake the necessary policy research and economic analysis, negotiate federal/provincial agreements, and propose policies and programs.
- Develop strategies to influence federal public policies.
- Represent SAF on numerous federal/provincial committees, various boards, commissions and review processes.
- Communicate activities to clients/customers and stakeholders.

PORK CENTRAL

Mandate: *To promote the sustainability and the expansion of the pork industry.*

Objectives:

- In partnership, implement research strategies which identify gaps and communicate industry needs in the areas of manure management and pork production and assist industry stakeholders in the adoption of the results.
- Undertake initiatives in the areas of recruitment, training and career awareness which contribute to the development of a skilled pork industry labour force.
- Target support to production units which contributes to a more conducive investment and environmental business climate to facilitate increased production capacity for existing and new producers.
- Implement a pork industry communication strategy which addresses environmental and socio-economic issues as a means to improve the public perception of the pork industry.

SASKATCHEWAN CROP INSURANCE CORPORATION (SCIC)

Mandate: *To provide crop production insurance to farm businesses in order to manage production risk and to stabilize the farm economy.*

Objectives:

- Research, plan and develop programs and policy based on agronomic information. This is done through analysis, consultation, and managing within legislative guidelines and by keeping abreast of changing farm practices and production risks in order to reflect these changes in the insurance program.
- Be leaders in the delivery and enhancement of crop production insurance to agricultural producers.
- Ensure integrity in the yields reported by producers, the claims distributed to producers and the adjusting practices applied by the corporation.
- Effectively communicate the crop insurance programs and its various services to our public through print, electronic and broadcast media and marketing public relations.
- Provide information technology services for the corporation through leadership, timely systems development, quality control, networking services, operations and technical support, thereby assisting others to serve external customers.
- Enhance the effectiveness of human resources management within the SCIC and ensure quality employees are obtained, developed, properly utilized, evaluated and retained to ensure organizational effectiveness.

STATISTICS BRANCH

Mandate: *To compile, interpret and distribute statistical data describing trends in the industry to facilitate decision-making for SAF and stakeholders.*

Objectives:

- Data management: research, design and develop interactive relational data management systems that enhance the efficiency of the Statistics Branch in both the orderly storage and the dissemination of agri-food data.
- Emerging sectors: establish and maintain a network of information sources on emerging primary and value-added sectors in Saskatchewan.
- Geographic Information Systems (GIS): facilitate the development of GIS capabilities in the branches/agencies of SAF.
- Quality products and services: meet the agri-food data needs of our clients – in terms of timeliness, accuracy and subject matter.

SUSTAINABLE PRODUCTION BRANCH

Mandate: *To provide specialized production services to the Government of Saskatchewan, and to producers through extension agrologists and industry groups.*

Objectives:

- Development: in partnership with industry groups, identify opportunities for development and diversification of crop and livestock production in Saskatchewan and work with SAF branches and government agencies to create and implement strategies to help realize these opportunities.
- Specialist Services: through ongoing dialogue with industry and government stakeholders, develop, target, adapt and provide appropriate depth and range of specialist services, programs and informational products to increase sustainability of Saskatchewan crop and livestock producers.
- Regulation and Policy: develop, review, amend and administer SAF policy and legislation to ensure the further sustainability of crop and livestock production in Saskatchewan.
- Client Service: consult with internal and external clients to evaluate the appropriateness, and improve timeliness and efficiency of branch programs and services.

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Industry Overview

Saskatchewan's agriculture and food industry is a vital part of the economic growth and development of the province.

With increased global competition, Saskatchewan's agriculture and food industry must respond to meet the related challenges and to capture the opportunities of the international marketplace. For this reason, the province has seen an increased focus on areas that add value and diversify the agriculture and food sector. During the year, the province continued to see the results of industry efforts, along with the contributions of Saskatchewan Agriculture and Food, in diversifying and adding value to agriculture in Saskatchewan. The year also demonstrated the continuing contribution of agriculture to the overall provincial economy and the socio-economic dimension of agriculture within Saskatchewan.

Year in Review

1998 was characterized by an extraordinary, province-wide spring drought that was broken by a general rain through most areas of the province in the latter part of June. There were areas in west-central and north-west Saskatchewan that did not receive as much rain and experienced well below average crop yields. The total crop harvested by Saskatchewan producers, however, was above average in both production and quality. The high level of production was largely due to above average seeded area in 1998 and very good yields in the north-east. Pasture conditions and hay crops across the province, but particularly on the west side, also suffered from the drought and put pressure on cattlemen to reduce grazing or haul in feed. The year was also defined by significant price drops in the late fall for a number of commodities, including hogs, wheat and feed grains - resulting in growing concern about farm income levels and the need for more responsive safety nets.

Land and People

Saskatchewan's total land area is 220,200 square miles or 140.9-million acres.

Farmland area comprises 65.7-million acres, of which cultivated farmland area is 49.6-million acres, and native pasture and other is 16.1-million acres.

The number of farms in Saskatchewan is 56,995 as of the 1996 Census of Agriculture.

Average farm size is 1,152 acres. Average cultivated area on farms is 870 acres.

According to the 1996 Census, the total Saskatchewan population is 990,237 composed of a total rural population of 363,059, and a total urban population 627,178.

Crop Production

The diversification of Saskatchewan crops continues. In 1998, over 71 per cent of the acres harvested in Saskatchewan had been sown to crops other than spring wheat. This compares with less than 43 per cent to crops other than spring wheat during the period 1983-87. Harvested area for 1998 compared to the five-year averages of 1993-97 and 1983-87 is as follows:

Crops	Harvested Area (acres)		
	1998	1993-97	1983-87
spring wheat	9 465 000	12 686 000	16 710 000
canola	6 200 000	5 342 000	2 634 000
durum	5 950 000	4 100 000	3 462 000
barley	3 850 000	4 040 000	3 360 000
oats	1 850 000	1 440 000	790 000
flax	1 370 000	974 000	582 000
field peas	1 900 000	1 097 000	136 000
lentils	890 000	738 000	217 600
mustard seed	570 000	531 000	240 400
canary seed	450 000	368 000	123 200
fall rye	210 000	188 000	348 000
winter wheat	90 000	65 000	500 000
sunflower seed	40 000	47 600	12 900
spring rye	15 000	27 000	48 000
mixed grains	40 000	28 000	49 000
triticale	30 000	24 000	n.r.
caraway	8 600	n.r.	n.r.
coriander	29 500	9 400	n.r.
dry beans	4 000	n.r.	n.r.
chick peas	88 400	n.r.	n.r.
safflower	2 000	n.r.	n.r.
buckwheat	n.r.	n.r.	n.r.
borage	9 700	n.r.	n.r.
Total	33 062 200	31 704 400	29 213 100

n.r. - not reported

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Crop Production

The diversification of Saskatchewan crops continues. In 1998, over 71 per cent of the acres harvested in Saskatchewan had been sown to crops other than spring wheat. This compares with less than 43 per cent to crops other than spring wheat during the period 1983-87. Harvested area for 1998 compared to the five-year averages of 1993-97 and 1983-87 is as follows:

Crops	Harvested Area (acres)		
	1998	1993-97	1983-87
spring wheat	9 465 000	12 686 000	16 710 000
canola	6 200 000	5 342 000	2 634 000
durum	5 950 000	4 100 000	3 462 000
barley	3 850 000	4 040 000	3 360 000
oats	1 850 000	1 440 000	790 000
flax	1 370 000	974 000	582 000
field peas	1 900 000	1 097 000	136 000
lentils	890 000	738 000	217 600
mustard seed	570 000	531 000	240 400
canary seed	450 000	368 000	123 200
fall rye	210 000	188 000	348 000
winter wheat	90 000	65 000	500 000
sunflower seed	40 000	47 600	12 900
spring rye	15 000	27 000	48 000
mixed grains	40 000	28 000	49 000
triticale	30 000	24 000	n.r.
caraway	8 600	n.r.	n.r.
coriander	29 500	9 400	n.r.
dry beans	4 000	n.r.	n.r.
chick peas	88 400	n.r.	n.r.
safflower	2 000	n.r.	n.r.
buckwheat	n.r.	n.r.	n.r.
borage	9 700	n.r.	n.r.
Total	33 062 200	31 704 400	29 213 100

n.r. - not reported

Horticulture Crops

	Harvested Area (acres)		
	1998	1993-97	1983-87
potatoes	13 200	6 040	3 460
fruit	795	820	n.r.
vegetables	727	1 078	n.r.
greenhouse	36	29	8
sod and nursery	2 061	1 773	n.r.
n.r. - not reported			

Income and Expenses

Total farm cash receipts in 1998 were \$5.619 billion compared to the five-year average (1993-97) of \$5.364 billion.

Net operating expenses in 1998 were \$4.269 billion compared to the five-year average of \$3.875 billion.

Net cash income in 1998 was \$1.350 billion compared to the five-year average of \$1.489 billion.

Average total farm family income for 1997 was \$49,095 compared to the five-year average (1992-96) of \$43,053. Total farm family income in 1997 included net farm operating income of \$18,154 and off-farm income of \$30,940. The five-year average (1992-96) for net farm operating income is \$15,647 and for off-farm income is \$27,406.

Livestock on Farms and Poultry Placements

	1998	1993-97	1983-87
total cattle & calves	2 780 000	2 753 200	2 055 000
total pigs	953 300	865 500	618 600
total sheep & lambs	79 500	79 800	59 300
chickens (for meat)	14 304 000	13 640 200	11 023 800
chickens (for eggs)	850 000	930 000	1 100 200
turkeys	740 000	796 400	717 200
bee colonies	91 000	86 500	109 400

Specialized Livestock

	1998	1993-97
wild boar	20 000	16 000
elk	17 000	8 900
bison	14 000	6 100
deer	5 300	4 400
ratites (ostrich, emu, & rhea)	2 500	3 500

Exports

The value of agriculture and food exports decreased in 1998 to \$4.730 billion compared to \$5.081 billion in 1997, but was still higher than the five-year average (1993-97) of \$4.122 billion. Some examples of exports and their value are as follows:

Value of Agriculture and Food Exports

(**\$ million**)

	1998	1993-97
wheat	\$1 209.3	\$1 543.4
durum	1 157.4	722.8
canola	760.2	490.9
barley	6.7	16.8
cattle & calves	164.6	204.5
hogs	13.6	10.4
other livestock and poultry	14.8	8.0
plant products	315.0	149.5
food and beverages	17.4	9.7

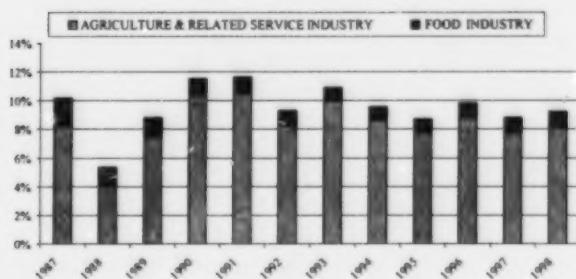
(Source: Statistics Canada)

Saskatchewan Agri-Food Industry Indicators

Saskatchewan Agriculture and Food monitors the state of the agriculture and food industry by using a set of historical indicators that allows us to follow the trends developing in the key economic and agronomic sectors. Under-

standing these statistical trends allows the department to develop its policy and program initiatives in a realistic context of the long-term trends in the industry.

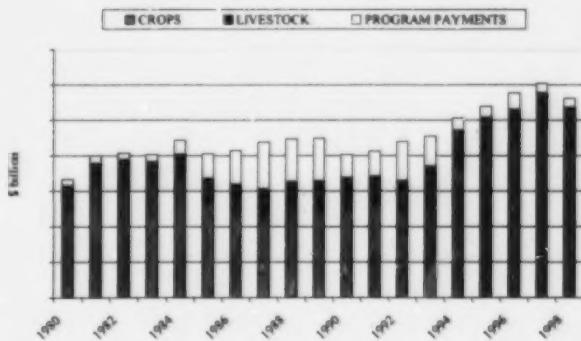
Saskatchewan Agri-Food GDP as a Percentage of Saskatchewan Total GDP



The importance of the agriculture and food industry is demonstrated by its contribution to the gross domestic product of the province. It has consistently run around 10 per cent, varying with production (see dramatic drop caused by the 1988 drought) or from price variation in the last few years. Agriculture and food GDP has declined relative to the total Saskatchewan GDP since the early 1990's. This decline illustrates the growth and diversity of the Saskatchewan economy rather than a decline in agriculture.

Saskatchewan Sources of Farm Cash Receipts

The major contributor to the province's agriculture and food GDP is primary production. The sources of farm cash receipts indicate the cyclical nature of crop receipts, the relatively steady livestock receipts, and the drop in program payments since 1994.

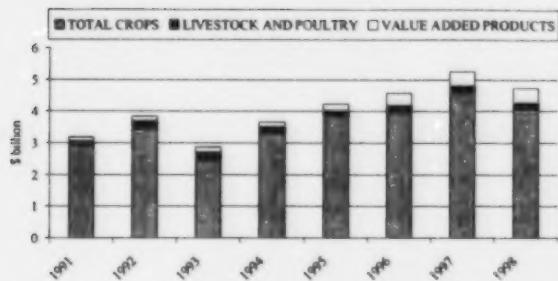


Saskatchewan Food and Beverage Industries Value of Shipments



The second major component of the agriculture and food GDP is value-added processing. While the dramatic growth since 1993 is indicated by the statistics for the food and beverage industry, there are many other components of further processing that are demonstrating similar growth trends.

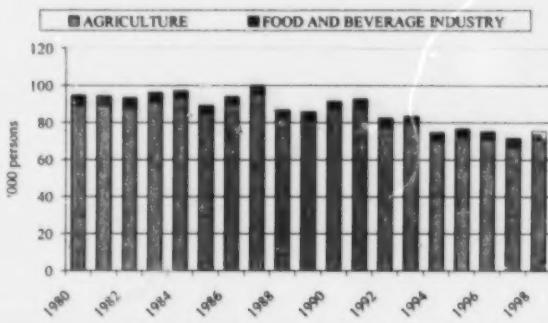
Value of Saskatchewan Shipments to other Countries



With a small population and a highly efficient production system, Saskatchewan will always be a major exporter of our agriculture and food products. The importance of those exports is indicated by the annual multi-billion dollar shipments. The increasing importance of value-added products is also demonstrated in the last few years. Future challenges for Saskatchewan will continue to be adding value to our raw exports and further processing prior to export.

Saskatchewan Agriculture and Food Sector Employment

Agriculture and food employment of over 70,000 people in a province of a million people is another indicator of the importance of the sector. These figures do not reflect the myriad of service industries that essentially depend on agriculture for their existence. Increased farm size and mechanization will see agricultural employment continue its declining trend.



Sources of Saskatchewan Average Total Farm Family Income



Farm families are increasingly turning to off-farm income to bring their income up to levels required to maintain a reasonable standard of living, which has not been available from farming itself.

* 1998 income statistics not available at the time of printing.

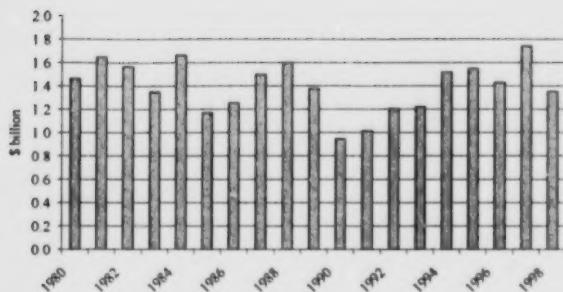
Saskatchewan Off-Farm Income Sources

Off-farm income includes investment income as well as wages and salaries. It is noteworthy that the investment income component has been in relatively steady decline since the early 1980's, while off-farm employment is on the rise.

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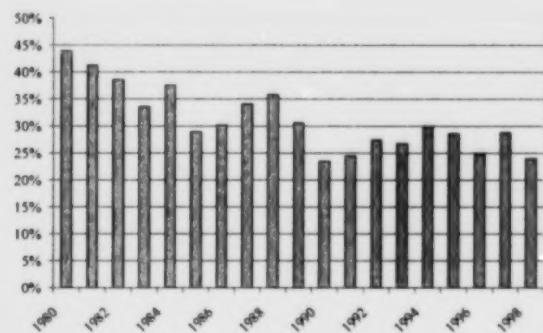
Saskatchewan Net Cash Income



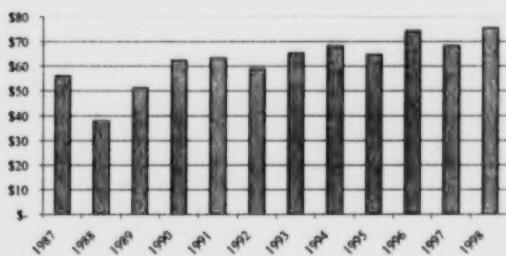
Net cash income is the amount of income a farmer has available after operating expenses but before taking depreciation into account. It is generally considered the best measure of a farmer's ability to respond to short-term income variability because depreciation or investment in equipment can be deferred in the short term.

Saskatchewan Net Cash Income as a Percentage of Total Farm Cash Receipts

Net cash income as a percentage of total farm cash receipts is a key indicator of the short-term margins that a farmer is achieving from his operation. The decline from above 40 per cent to around 25 per cent over the past twenty years is indicative of an industry that is seeing reducing margins over time. One result of smaller margins is increasing farm size.



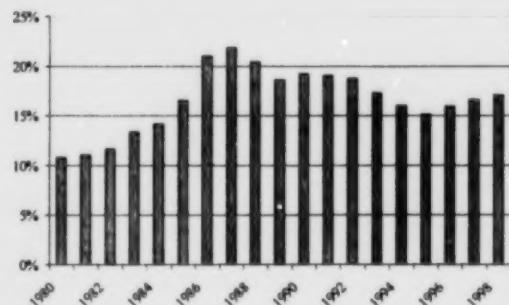
Saskatchewan Output \$/acre



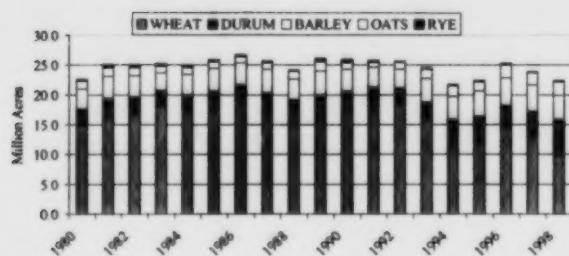
At the same time, the productivity of Saskatchewan farmers continues to increase. The Saskatchewan Output indicator is the combination of all crop and livestock receipts in constant dollars divided by the acres of farmed land. This measure of productivity looks at a per acre output of Saskatchewan agriculture holding the effects of price change constant.

Saskatchewan Farm Debt-to-Capital Ratio

The debt-to-capital ratio indicates that farmers in Saskatchewan tend to be conservative about borrowing and that the response to more difficult financial periods in farming is to reduce the level of debt in their operations.



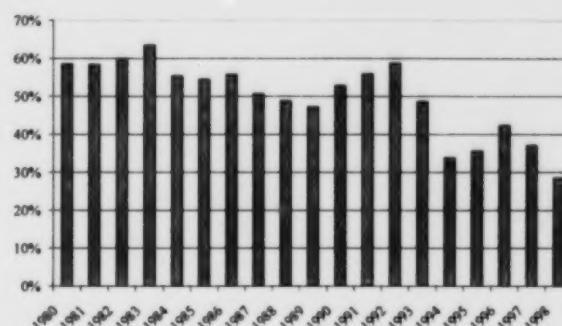
Saskatchewan Cereal Crop Acres



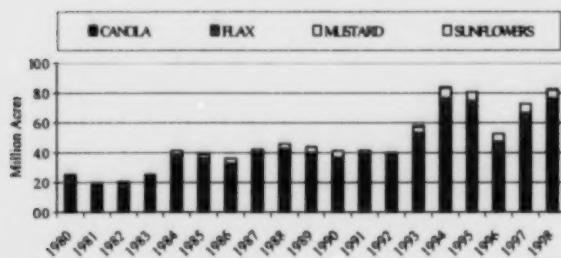
Cereal crops continue to be the backbone of the crops raised in Saskatchewan, primarily because of their importance in the crop rotation needs in farm operations and the generally less-intensive farming practises required.

Saskatchewan Spring Wheat Acres as a Percentage of Total Seeded Acres

Saskatchewan has often been portrayed as a single-crop region depending on hard red spring wheat. That reality is changing rapidly - from a traditional 50 or 60 per cent of seeded acres, there has been a dramatic diversification to other crops since 1992. Saskatchewan farmers plant over 50 different crops today and are always on the lookout for new and better alternatives.



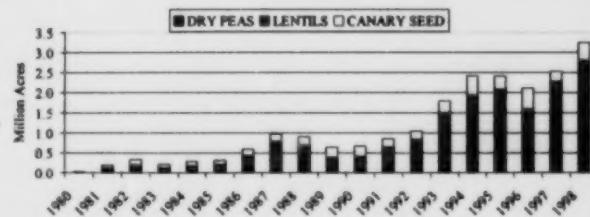
Saskatchewan Oilseed Crop Acres



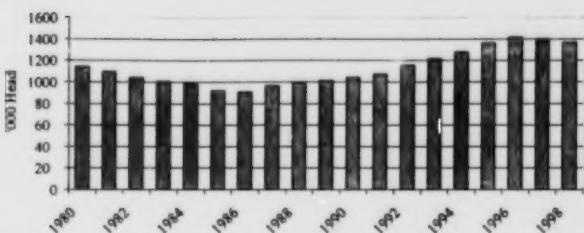
Oilseed crops have become an essential part of the Saskatchewan cropping options for farmers. Canola now vies with wheat as the most valuable crop produced in Saskatchewan since that shift away from spring wheat began in earnest in 1993. The move to longer rotations and continuous cropping has partly driven the expansion in oilseed acres.

Saskatchewan Specialized Crop Acres

Specialized crops, particularly dry peas, have also become an important cropping option for farmers since 1992. While requiring more intensive farming practices than cereal grains, they are also an important part of the crop rotation to alternate with oilseed production providing the unique benefit of nitrogen fixation which has the potential to reduce farm input costs.



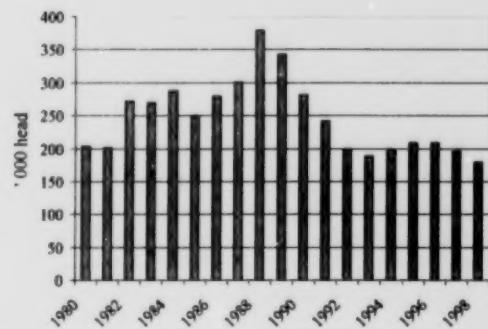
BeefCows/Beef Replacement Heifers on Saskatchewan Farms, July 1, 1980-98



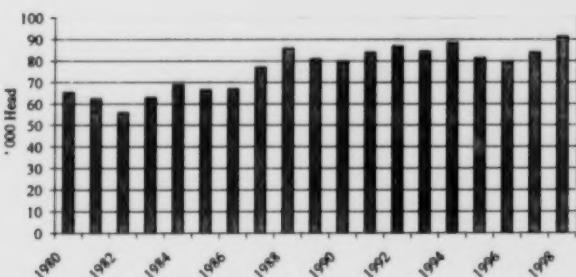
Livestock is also a key aspect of Saskatchewan agriculture and is an important stabilizing influence compared to the variability seen in the crops sector. The beef cows/replacement heifer index measures the "factory" of the cattle industry and the capability to produce calves for feeding and for replacement breeding stock.

Saskatchewan Slaughter Steer and Heifer Marketings, 1980-98

Slaughter steer and heifer marketings measure the amount of value-added to the beef calf that is done within the province. Generally, the statistics prove the adage that the Saskatchewan cattle industry is primarily based on cow-calf operations and that we tend to ship the calves or feeders we produce out of the province for final finishing and slaughter.



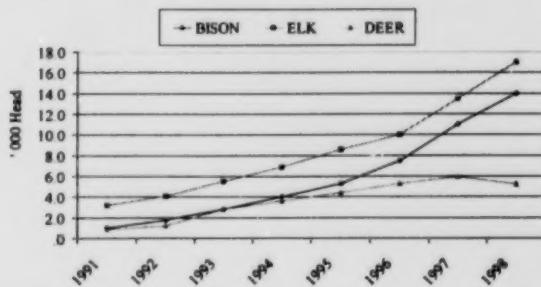
Sows and Gilts on Saskatchewan Farms, 1980-98



The sow and gilt inventory reflects the "factory" of the hog industry. The numbers here indicate a relatively steady increase in the capacity in the province, in contrast to other regions where there is a more cyclic pattern recently. Saskatchewan offers tremendous opportunity in the area of hog production with confirmed growth anticipated for the future.

Saskatchewan Estimates of Specialized Livestock Inventories, July 1, 1991-98

Finally, specialized livestock represents the trend to diversification that farmers are trying to achieve in the livestock sector. The numbers are particularly impressive for bison and elk production.



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SAF Initiatives and Accomplishments

Saskatchewan Agriculture and Food's operations in 1998-99 focused on working with farmers and the industry to achieve *Agriculture 2000*'s objectives and on providing ongoing programs and services which add value to the sector as a whole. The broad range of initiatives and accomplishments, achieved by our partnerships with the industry, indicates the kind of co-operation and leadership that SAF is dedicated to providing farmers and the agriculture sector.

The resources appropriated by the Legislative Assembly to SAF are used to undertake programs and initiatives that meet the goals and directions of SAF, thereby contributing to SAF's mandate on behalf of the agri-food industry.

Goal 1.

Generation of technology for new and better products, increased output, reduced production costs and environmentally sustainable practices.

SAF, through its research and development funding, has a powerful tool to contribute to new technologies and to enhance the knowledge base in agriculture and food industries. There is also a thriving research community in Saskatchewan to build upon for the future.

The Saskatchewan Agriculture Development Fund (ADF)

ADF was established in 1985 to fund agriculture and food research and development in the province.

A 13-member Board of Directors, with representation from the provincial government, the research community and the agri-food industry, reviews project proposals in June and December of each year. The Board selects the projects which will receive funding.

In 1998-99, under the ADF research and development component, SAF managed and provided support totalling \$5,397,136 for 70 new projects and 167 ongoing projects in the areas of field crops, horticulture, forage crops, plant breeding, plant disease and pest control, specialized livestock, animal welfare, processing, animal disease and pest control, management, marketing and economics.

In 1998-99, the Department also funded 22 projects for a total of \$4,088,000 under ADF's *Strategic Research Program* agreement with the University of Saskatchewan. These projects included research into soil biology, conservation, fertility, special crops, traditional crops, biotechnology, animal production, genetics, reproduction, animal welfare, native fruits, value-added processing of meats and crops, agricultural engineering, and animal disease diagnostics of reproduction.

Agri-Food Innovation Fund

The Canada-Saskatchewan Agri-Food Innovation Fund (AFIF) was established in 1995 to promote and support emerging primary production and value-added processing activities in Saskatchewan by providing assistance for research, development and infrastructure. Funding is provided by the federal and provincial governments.

During the 1998-99 fiscal year, AFIF signed 85 new contracts worth a total of \$46.97 million. The original \$91 million in funding to AFIF is now fully allocated to projects across the province.

There was a clear shift in AFIF activities in the 12-month period ending March 31, 1999. During the year, many projects evolved from planning stages to producing results, and began to have a positive impact on the Saskatchewan economy. More than 200 projects were being supported in the targeted agriculture sectors:

Biotechnology
Food Processing
Horticulture
Information Technology
Non-Food Processing
Specialty Crops
Specialized Livestock
Sustainable Agriculture

During the year, Diversified Farming Practices was also identified as an area of support.

Major initiatives for 1998-99 included:

- launching the Saskatchewan Nutraceutical Network,
- opening the Saskatchewan Research Council's fermentation pilot plant,
- creating a Western Beef Development Centre,
- improving facilities at Regina Exhibition Park to handle specialized livestock at Canadian Western Agribition, and
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Technology Adoption and Demonstration Program

The Technology Adoption and Demonstration program was developed by SAF to provide a mechanism for targeted funding of:

- strategic programs initiated by SAF (such as variety trials, tours and workshops, conferences, infrastructure and research projects),
- institutional initiatives brought forward by agricultural and research institutions, and
- research and development pre-commercialization activities of business.

In 1998-99, a total of 21 projects received funding which amounted to \$1,117,643. Some of the areas include: capital support for research, development and technology transfer infrastructure and studies to investigate technology, marketing and industry.

Saskatchewan Beef Development Fund (BDF)

The BDF was established in 1994 to administer the Beef Development Plan and uses funds from two sources: the fund which remained following the termination of the National Tripartite Stabilization Program and the surplus from the Saskatchewan Beef Stabilization Board marketing account. The fund is administered by the Saskatchewan Beef Development Board, composed of six members appointed by the Minister of Agriculture and Food.

In 1998-99, the BDF provided support of \$275,633 for research projects related to the beef industry structure, cattle production, nutrition, breeding, disease control and beef processing.

Ag-West Biotech Support

Ag-West Biotech Inc., located at Innovation Place in Saskatoon, promotes the development of the agricultural biotechnology sector in Saskatchewan through marketing and information. Ag-West Biotech serves as an umbrella organization for the numerous ag-biotech companies which are located at Innovation Place.

SAF provided funding of \$1.1 million to Ag-West Biotech to assist the continuation of its activities and to assist with ag-biotech research.

Prairie Agricultural Machinery Institute (PAMI) Support

SAF provided annual core funding of \$768,000 for the 1998-99 fiscal year to PAMI to carry out research, development, evaluation and extension activities to improve farm machinery and processes. PAMI is increasing its level of activity relating to value-added processes and equipment.

INDUSTRY SNAPSHOT

Saskatchewan exports of primary agricultural products represents 38 per cent of the Canadian total value of primary agricultural products.

Veterinary Infectious Disease Organization (VIDO) Support

SAF provided \$527,646 in funding during 1998-99 to support research and development as part of a five-year (1996-97 to 2000-01) agreement with VIDO.

Prairie Swine Centre Support

SAF provided \$759,500 in funding during 1998-99 to support research and development in quality pork production as part of a five-year (1996-97 to 2000-01) agreement with the Prairie Swine Centre.

Horned Cattle Fund (HCF)

The HCF was established in 1939 at the request of the industry to encourage producers to dehorn their cattle. Since 1952, \$2 has been collected from the purchase price of every horned cattle sold in Saskatchewan. Over the past 35 years, the percentage of horned cattle sold in the province has fallen from 20 per cent to less than 10 per cent. SAF collects the money through its livestock inspection system and uses the fund to support research in bovine health and management techniques as well as agricultural societies and exhibitions.

The fund is managed by the HCF Committee composed of representatives of the cattle industry appointed to the committee by the Minister of Agriculture and Food. In 1998-99, the HCF collected \$170,991 in deductions and \$8,678 in interest. The fund supports cattle production research and product development and market promotion. In 1998-99, HCF provided support of \$195,625 for eight projects.

Cattle Marketing Deductions Fund (CMDF)

The CMDF was established in 1970 to promote the growth of the beef sector through research, promotion and market development activities. The fund is self-supporting via a "mandatory-refundable" check-off of \$1 per head collected at the time of sale. Cattle producers who do not wish to participate in the fund can request a refund of the previous year's deductions at the end of every January. SAF collects the check-off through its livestock inspection system.

Beginning in August 1998, the Fund began collecting an additional \$1 per head mandatory non-refundable check-

INDUSTRY SNAPSHOT

The total value of agriculture and food exports reached \$4.7 billion in 1998, representing 47 per cent of the total value of Saskatchewan exports.

off. this check-off is collected and placed in a National Account to be used to support promotion and research taking place at the National level.

The CMDF is managed by the CMDF Committee composed of representatives of the cattle industry who are appointed to the committee by the Minister of Agriculture and Food. For 1998-99, the fund collected \$2,521,150 in check-offs and \$83,580 in interest. Refunds totalled \$81,168. The fund supports cattle production, promotion and development activities. In 1998-99, CMDF provided \$1,201,831 to support 13 projects.

Research Publications

Results of research projects undertaken with funding from SAF are available from the Agriculture Research Branch.

Goal 2.

Easy and timely access to information and technology, appropriate to the agri-food industry's business management needs.

The body of information, knowledge, and technologies in agri-food industries is literally exploding in growth. SAF will use its information delivery system to meet the goal of putting the right information into the hands of people who need it, at the time they need it. Achievement of this goal will increasingly mean working with industry partners.

Client Service

During the 1998-99 fiscal year, extension staff:

- handled 114,261 telephone and 37,454 office contacts,
- referred another 67,427 telephone and 17,157 office contacts to other information sources for handling,
- made 21,477 field contacts and 3,296 farm calls,
- organized 601 producer events,
- resourced another 1,190 extension events,
- did 198 television and 830 radio programs and interviews,
- created 1,372 newspaper articles, and

- created 466 newsletters and notices with 570,170 copies distributed.

Inquiry Line

SAF's Agricultural Inquiry Line in Regina handled 9,193 calls and walk-in inquiries from the public.

Improved Information Dissemination

A major effort was made to revitalize the SAF Internet site in the 1998-99 period. The INET (Internet) Unit was created as a communications tool, and resulted in enhanced updating and new product development processes, a new technological approach for the website and increased efficiencies and effectiveness for the use of Internet technologies in SAF.

Agricultural Statistics on the Internet

The 1997 Agricultural Statistics handbook (released in January 1999) was produced electronically for the first time. Data from the handbook is now available on the Internet – increasing accessibility.

Farm Stress Unit

SAF established the Farm Stress Unit in February 1992. The Unit is comprised of a toll-free telephone service and the Saskatchewan Human Services Directory. The Directory, launched on Internet in January of 1999, is a computer based provincial directory available to farm and rural people. It can be accessed by Internet users to find information on programs and services available to farm people. Active farmers staff the toll-free line and provide short-term counselling, referral, and advocacy for callers. The line is operational year-round from 8 a.m. to 9 p.m., Monday through Saturday.

In 1998, calls to the Farm Stress Line increased by 26 per cent over the previous year, i.e. from 1,245 calls in 1997 to 1,584 calls in 1998. Over 40 per cent of the calls received related to financial issues. 48 per cent of callers were male and 52 per cent were female. The bulk of the calls were in the age categories 30 to 60.

Agricultural Institute of Management in Saskatchewan (AIMS)

AIMS and its partners (private consultants, producer clubs, industry organizations, University of Saskatchewan, Saskatchewan Institute of Applied Arts, Science and Technology, Regional Colleges and Extension Services) continued to deliver farm business management information to Saskatchewan farmers.

In 1998-99, approximately 23,339 participants (farmers/farm managers) accessed programs/projects offered

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Ag-West Biotech Support

Ag-West Biotech Inc., located at Innovation Place in Saskatoon, promotes the development of the agricultural biotechnology sector in Saskatchewan through marketing and information. Ag-West Biotech serves as an umbrella organization for the numerous ag-biotech companies which are located at Innovation Place.

SAF provided funding of \$1.1 million to Ag-West Biotech to assist the continuation of its activities and to assist with ag-biotech research.

Prairie Agricultural Machinery Institute (PAMI) Support

SAF provided annual core funding of \$768,000 for the 1998-99 fiscal year to PAMI to carry out research, development, evaluation and extension activities to improve farm machinery and processes. PAMI is increasing its level of activity relating to value-added processes and equipment.

INDUSTRY SNAPSHOT

Saskatchewan exports of primary agricultural products represents 38 per cent of the Canadian total value of primary agricultural products.

Veterinary Infectious Disease Organization (VIDO) Support

SAF provided \$527,646 in funding during 1998-99 to support research and development as part of a five-year (1996-97 to 2000-01) agreement with VIDO.

Prairie Swine Centre Support

SAF provided \$759,500 in funding during 1998-99 to support research and development in quality pork production as part of a five-year (1996-97 to 2000-01) agreement with the Prairie Swine Centre.

Horned Cattle Fund (HCF)

The HCF was established in 1939 at the request of the industry to encourage producers to dehorn their cattle. Since 1952, \$2 has been collected from the purchase price of every horned cattle sold in Saskatchewan. Over the past 35 years, the percentage of horned cattle sold in the province has fallen from 20 per cent to less than 10 per cent. SAF collects the money through its livestock inspection system and uses the fund to support research in bovine health and management techniques as well as agricultural societies and exhibitions.

The fund is managed by the HCF Committee composed of representatives of the cattle industry appointed to the committee by the Minister of Agriculture and Food. In 1998-99, the HCF collected \$170,991 in deductions and \$8,678 in interest. The fund supports cattle production research and product development and market promotion. In 1998-99, HCF provided support of \$195,625 for eight projects.

Cattle Marketing Deductions Fund (CMDF)

The CMDF was established in 1970 to promote the growth of the beef sector through research, promotion and market development activities. The fund is self-supporting via a "mandatory-refundable" check-off of \$1 per head collected at the time of sale. Cattle producers who do not wish to participate in the fund can request a refund of the previous year's deductions at the end of every January. SAF collects the check-off through its livestock inspection system.

Beginning in August 1998, the Fund began collecting an additional \$1 per head mandatory non-refundable check-

INDUSTRY SNAPSHOT

The total value of agriculture and food exports reached \$4.7 billion in 1998, representing 47 per cent of the total value of Saskatchewan exports.

off. this check-off is collected and placed in a National Account to be used to support promotion and research taking place at the National level.

The CMDF is managed by the CMDF Committee composed of representatives of the cattle industry who are appointed to the committee by the Minister of Agriculture and Food. For 1998-99, the fund collected \$2,521,150 in check-offs and \$83,580 in interest. Refunds totalled \$81,168. The fund supports cattle production, promotion and development activities. In 1998-99, CMDF provided \$1,201,831 to support 13 projects.

Research Publications

Results of research projects undertaken with funding from SAF are available from the Agriculture Research Branch.

Goal 2.

Easy and timely access to information and technology, appropriate to the agri-food industry's business management needs.

The body of information, knowledge, and technologies in agri-food industries is literally exploding in growth. SAF will use its information delivery system to meet the goal of putting the right information into the hands of people who need it, at the time they need it. Achievement of this goal will increasingly mean working with industry partners.

Client Service

During the 1998-99 fiscal year, extension staff:

- handled 114,261 telephone and 37,454 office contacts,
- referred another 67,427 telephone and 17,157 office contacts to other information sources for handling,
- made 21,477 field contacts and 3,296 farm calls,
- organized 601 producer events,
- resourced another 1,190 extension events,
- did 198 television and 830 radio programs and interviews,
- created 1,372 newspaper articles, and

- created 466 newsletters and notices with 570,170 copies distributed.

Inquiry Line

SAF's Agricultural Inquiry Line in Regina handled 9,193 calls and walk-in inquiries from the public.

Improved Information Dissemination

A major effort was made to revitalize the SAF Internet site in the 1998-99 period. The INET (Internet) Unit was created as a communications tool, and resulted in enhanced updating and new product development processes, a new technological approach for the website and increased efficiencies and effectiveness for the use of Internet technologies in SAF.

Agricultural Statistics on the Internet

The 1997 Agricultural Statistics handbook (released in January 1999) was produced electronically for the first time. Data from the handbook is now available on the Internet – increasing accessibility.

Farm Stress Unit

SAF established the Farm Stress Unit in February 1992. The Unit is comprised of a toll-free telephone service and the Saskatchewan Human Services Directory. The Directory, launched on Internet in January of 1999, is a computer based provincial directory available to farm and rural people. It can be accessed by Internet users to find information on programs and services available to farm people. Active farmers staff the toll-free line and provide short-term counselling, referral, and advocacy for callers. The line is operational year-round from 8 a.m. to 9 p.m., Monday through Saturday.

In 1998, calls to the Farm Stress Line increased by 26 per cent over the previous year, i.e. from 1,245 calls in 1997 to 1,584 calls in 1998. Over 40 per cent of the calls received related to financial issues. 48 per cent of callers were male and 52 per cent were female. The bulk of the calls were in the age categories 30 to 60.

Agricultural Institute of Management in Saskatchewan (AIMS)

AIMS and its partners (private consultants, producer clubs, industry organizations, University of Saskatchewan, Saskatchewan Institute of Applied Arts, Science and Technology, Regional Colleges and Extension Services) continued to deliver farm business management information to Saskatchewan farmers.

In 1998-99, approximately 23,339 participants (farmers/farm managers) accessed programs/projects offered

through AIMS. Ongoing program areas included: Consultant Workshop Program, Speaker/Conference Sponsorship Program, Seminars and Workshops, Market Prospects and the annual Profiting from Agricultural Change (PAC) Conference.

AIMS supported a new initiative, which will become part of its future ongoing programs. In co-operation with the University of Saskatchewan (Colleges of Agriculture and Commerce) and the Canadian Adaptation and Rural Development Fund (CARD), the Agribusiness Management Development Program (AMD) was developed and piloted.

This program provides farmers and agribusiness managers with the tools needed to succeed in an increasingly competitive economy. It is a comprehensive and highly interactive four-module program, which combines useful current information from innovative industry leaders with case studies to allow for practical application of gained knowledge. Forty-one people completed the first four-module program.

- Other leading edge projects included the development of an on-line partnership with Australian farmers.
- Cost of production information on beef cow-calf enterprises was collected and processed in co-operation with Alberta Agriculture, Food and Rural Development. The information provided cost of production data on beef cow-calf enterprises and was extended to include beef backgrounding enterprises.

Green Certificate Program

The Green Certificate Program is an on-farm training program that provides training for the next generation of farm managers by working with the high school system and having future farmers and farm employees learn and obtain credit for farm operating skills.

- At March 31, 1999, there were 19 Kelvington High School students enrolled in the program who had earned 28 school credits.
- The program provides certification in cow-calf, field crop, dairy, feed lot, sheep and aerial applicator specialties

Agriculture in the Classroom (AITC) Program

The purpose of the AITC Program is to deliver agricultural awareness and information to Saskatchewan schools. During the 1998-99 fiscal year:

- Agrologists have served as excellent resources for local schools for presentations on agricultural topics.
- Agrologists developed and delivered, with AITC, an agricultural awareness slide presentation for over 800 Grade 5 and 6 students at the Crop Production Show in Saskatoon.

INDUSTRY SNAPSHOT

In 1998, Saskatchewan produced 78 per cent of the country's durum and 52 per cent of the country's total wheat production.

- A Farm Management Agrologist aided AITC in its successful application to obtain program funding to the year 2000 from ADF (\$167,000) and CARDS (\$124,000).
- Some of the programs are the Ag. Ambassador program (there is now one ag. ambassador in each of 164 schools), Apples for teachers CD-ROM (sent to 1,000 teachers in 1998), Lunch Kits for Growing Plants (80 distributed in pilot project), and the Summer Writing Workshop.
- A Farm Management Agrologist is also a member of the AITC board of directors.
- A certified teacher with practical farm experience was contracted with funding from AIMS and SAF to adapt the Green Certificate materials for school use. Some schools have field tested the material now, and revisions will be ready for field testing in field crop, dairy, feedlot, sheep and cow-calf production by September 1999. Following the development of interim classroom curriculum guidelines by the certified teacher, Saskatchewan Education has approved a school-based program that will be called Agriculture Technician 10L, 20L and 30L for grades 10, 11 and 12. Students can earn one high school credit over one semester (or over one school year) for a total of three credits for one program, e.g. Cow-Calf or Field Crop Production.

CD-ROM Information Packages

CD-ROM software developed by the department in 1998-99 included:

- Freight Rate Manager with the U of S Ag Economics and Extension Divisions.
- Soil and Crops Workshop Proceedings.
- Rural Business Planner.
- Rangeland and Forage Management.
- Grasslands Congress Proceedings with the University of Guelph and AAFC, Lacombe.

Stubble Subsoil Moisture Map

SAF published the November 1 Subsoil Moisture Map using information collected by SAF Crop Reporters and SAF staff. The map is intended to assist those involved in the agriculture industry in understanding the status of all moisture reserves and to encourage producers to monitor subsoil moisture conditions as an important factor in cropping decisions.

INDUSTRY SNAPSHOT

The rate of growth in the organic industry is estimated at approximately 25 per cent per year.

Crop, Insect and Disease Surveys and Control

SAF co-ordinated insect and plant disease surveys during 1998-99, including the publication and distribution of survey results.

SAF also maintained numerous publications, fact sheets and brochures that provide information on pest management (i.e. plant disease control, weed control, insect control), soil management (i.e. fertility, conservation, problem soils) and pesticide regulation and management. Publications printed/reprinted in 1998/99 included:

- Managing Wheat for Yield and Protein Premium
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- Potassium and Chloride Fertilization in Crop Production
- Making Sense of New Nozzle Choices
- Are Your Fields at Risk for Herbicide Resistance?
- Agriculture Biotechnology – Results?
- 1999 Guide to Crop Protection
- Managing Cereal Leaf Diseases

Fusarium Survey

Staff in the Southeast surveyed elevator agents to determine the extent and impact of fusarium infection in wheat. Maps were produced for internal use showing the area of the region infected and the impact of infestation. Staff also organized a Cereal Leaf Disease and Fusarium demonstration at an area SPOKE site. The demonstration was profiled at a field day plus provided the opportunity for SAF's provincial disease specialist to assess disease levels and varietal differences.

Improving Farm Finances

A Farm Management Agrologist worked closely with staff at the University of Saskatchewan to aid farmers in developing methods of improving their financial position. Together they developed:

- A publication called, *Networking for Success – Strategic Alliances in the New Agriculture*. This publication encourages producers to work co-operatively and combine their resources to form machinery alliances, New Generation Co-operatives in hogs and feedlot enterprises, and develop new processing facilities.
- An Internet site on strategic alliances.

- Economic scenarios on strategic alliances such as feeding cattle, forage production, and cow-calf enterprises.
- A seminar on how to form a strategic alliance. 50 attended.

Beef Cost and Returns Data Collection Project

A Farm Management Agrologist co-ordinated the Beef Cost and Returns Data Collection Project. Some of the major activities involved included:

- Organized a meeting for stakeholders at the University of Saskatchewan (U of S).
- Developed a partnership with the Beef Chair at the U of S, to include cost of production as part of the 'Birth to Slaughter project' now operating from the Western Beef Development Centre (WBDC).
- Developed and submitted proposals to AIMS to obtain funding to carry on data collection activity in the province. Funding of \$23,000 was obtained and administered by the WBDC.
- Alberta Agriculture, Food and Rural Development and SAF partnered to improve understanding of the Cost of Production software program and to deal with issues around data collection and management.
- Provincial reports were created and distributed to all 1996 and 1997 producer participants. Reports were also distributed to Agrologists in Extension Service.
- Funding of \$3,500 was obtained from Extension Service to contract the development of an interpretation guide for producers who participated in the program. A consultant was contracted for one month to write the guide which was then distributed to the 45 producers who submitted 1998 data.
- A Farm Management Agrologist prepared and delivered six presentations to producer meetings explaining the results of the beef cost of production information. Attendance at these meetings was approximately 335.

Saskatchewan Soil Conservation Association (SSCA)

The SSCA is a producer organization whose primary focus is creating awareness of the need for soil conservation. Their funding since the late 1980's has primarily come from federal-provincial programs such as the National Soil Conservation Program, the Green Plan, and the Agri-Food Innovation Fund. There has been some industry funding which has come primarily from Monsanto and Transalta. SSCA has nine staff members, including six regional field staff.

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Durum Conference on Production and Marketing

The Durum conference at Swift Current on December 1, 1998, was a joint effort of local Extension Service and Canadian Wheat Board staff attracting 280 participants. Resource speakers from government and industry provided information on the latest in production and marketing. The strong interest was evidence that durum is a crop local producers still choose to do a better job of producing despite low world prices.

Unscramble My Life...Please!

Client Service Representatives led the department's delivery of five seminars for farm women in Shaunavon, Maple Creek, Swift Current, Moose Jaw, and Assiniboia. The seminars, entitled 'Unscramble My Life...Please!' had over 190 farm women attend in October and November of 1998.

Saskatchewan Management Plus (SMP)

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INDUSTRY SNAPSHOT

Saskatchewan has approximately 500 organic growers, including 50 organic livestock producers. There are 25 organic processors in the province

farm management practices based on actual producer data. As data accumulates it will be possible to make detailed comparisons between individual farming practices and established yields for specific RMs.

In 1998, 3,409 producers participated in the SMP program through the efforts of SAF, SCIC and AIMS.

Industry Events

Some of the major industry events, organized or developed by SAF include:

- Staff worked with the Saskatchewan Herb and Spice Association (SHSA) in organizing major conferences in Moose Jaw (160 attendance) and Regina (400 attendance). The Regina conference, 'A Prairie Primer to Growing and Marketing Herbs and Spices on the Prairies', provided information to clients and served as a training opportunity for 16 SAF staff.
- Staff worked with the Saskatchewan Pulse Crop Development Board (SPCDB) in organizing and delivering Pulse Workshops across the province. For example, Swift Current had 200 attend and Rouleau had 180 attend with 19 industry booths. Staff also worked with the SPCDB in organizing and delivering their provincial field day, held at Indian Head with 200 people in attendance.
- Extension Service, with Agriculture and Agri-Food Canada, ran replicated soybean variety trials at Indian Head and Regina, funded by the Branch's demonstration fund. Over 200 people, attending the SPCDB Field Day, viewed the soybean plots. Trial information was used in news articles and newsletters and stories were carried in the Farm and Food Report, the Western Producer, and CKTV News in Regina. Trial results were also forwarded to AAFC researchers to include in their soybean variety results.
- A meeting on fruit and vegetable opportunities was held at the Cupar Agricultural Seminar.
- A Farm Management Agrologist helped organize the very successful Western Canada Feedlot Management School held at the University of Saskatchewan (U of S). This is a co-operative effort of the Saskatchewan Cattle Feeders, SAF, U of S, and industry. A presentation was made on computerized records and decision aids by staff who resourced and promoted the event.

INDUSTRY SNAPSHOT

Saskatchewan's production of lentils in 1998 represented over 97 percent of Canada's total lentil production.

Goal 3.

Unique and innovative financing to meet capital needs for diversification and adding value to agriculture.

SAF has moved from providing general financing for multi-purposes to a more targeted approach that meets goals in the marketplace. Meeting the goal will be particularly important to move in the direction of value-added agriculture in Saskatchewan.

Agri-Food Equity Fund

The Agri-Food Equity Fund (AEF) was established to provide start-up or expansion equity capital for companies which process primary agricultural products, market and distribute processed products, or supply products or inputs to processors or farmers.

SAF recognized the need for the financing of intellectual property or ideas to develop the agri-food industry in Saskatchewan was not being addressed by conventional, asset-based, financing sources. The \$20 million fund will assist operations with proven ideas, but without the equity to capitalize on market opportunities. The goal for each investment is to provide capital for an eight-year period, at which time AFEF would divest itself of the investment. Revenues generated from investments are returned to the fund for reinvestment in other value-added opportunities.

AEF specializes in four major sectors: crop related, livestock related, food processing and technology related. The fund not only places investments directly, but acts as a consultant to new value-adding businesses and wherever possible partners with other private sector investors to increase the amount of capital available to expanding businesses.

In 1998-99, AFEF disbursed investments in debentures, common shares and preferred shares totaling \$4,420,000:

Northern Lights Gourmet Mushrooms Ltd.	\$125,000
TML Foods	820,000
Gordos Foods Ltd.	50,000
Walker Seeds Ltd.	1,000,000
Durafibre Inc.	75,000
Ag Growth Industries Ltd.	1,000,000
Fytokem Products Inc.	150,000
Big Quill Industries Ltd.	1,000,000
Infraready Products Inc.	200,000

In addition, as at March 31, 1999, \$430,000 has been advanced, in trust, to AFEF's lawyer which will be disbursed when the agreements are finalized.

During the fiscal year, AFEF earned revenue of \$239,896 from interest and dividends, administration fees, and miscellaneous earnings; and had investment principle of \$10,000 redeemed to the fund. These revenues and redemption are available for future investment.

Also, as of March 31, 1999, \$10,236,919 of the original \$20 million authorization remains available to the fund for investment. AFEF will continue to access these funds, as required, through a loan from the province.

Livestock Loan Guarantee Program

The Livestock Loan Guarantee (LLG) program assists Saskatchewan residents to establish production associations and to borrow funds on the strength of a government guarantee to the lender and the association's assurance fund. The funds are used by the association to purchase feeder cattle or bred cattle on behalf of members.

	1997-98	1998-99
Number of Associations	135	131
Number of Members	5,700	5,700
Loan Guarantees (\$M)	33.7	31.1
Feeder Cattle Purchased (head)	119,840	125,930
Value (\$M)	69.7	80.1
Breeder Cattle Purchased (head)	20,340	24,770
Value (\$M)	15.9	23.7

- During 1998-99, a sheep program was initiated under LLG, to promote the expansion of the sheep industry in Saskatchewan. Funding will be made available for feeder lambs as well as bred ewes. Initial steps were taken by department staff to establish a provincial association – and to complete regulations relating to the program.
- A Bison Program was also initiated under LLG in 1998-99. Steps were taken to complete the drafting of regulations related to the program. The mandate of the program will be to offer producers, who form an association, the ability to finance feeder bison through the loan guarantee program.

- SAF staff co-operates on a variety of meetings, tours, and demonstrations, including the Indian Head Ag Research Foundation's Precision Farming project. For example, they worked together in getting Project 2002 started near Shaunavon. This is a five-year project in which SSCA is managing a piece of land owned by the town with the profits from the project being used to build a new Recreational Complex in Shaunavon.
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- Staff worked with the Saskatchewan Pulse Crop Development Board (SPCDB) in organizing and delivering Pulse Workshops across the province. For example, Swift Current had 200 attend and Rouleau had 180 attend with 19 industry booths. Staff also worked with the SPCDB in organizing and delivering their provincial field day, held at Indian Head with 200 people in attendance.
- Extension Service, with Agriculture and Agri-Food Canada, ran replicated soybean variety trials at Indian Head and Regina, funded by the Branch's demonstration fund. Over 200 people, attending the SPCDB Field Day, viewed the soybean plots. Trial information was used in news articles and newsletters and stories were carried in the Farm and Food Report, the Western Producer, and CKTV News in Regina. Trial results were also forwarded to AAFC researchers to include in their soybean variety results.
- A meeting on fruit and vegetable opportunities was held at the Cupar Agricultural Seminar.
- A Farm Management Agrologist helped organize the very successful Western Canada Feedlot Management School held at the University of Saskatchewan (U of S). This is a co-operative effort of the Saskatchewan Cattle Feeders, SAF, U of S, and industry. A presentation was made on computerized records and decision aids by staff who resourced and promoted the event.

INDUSTRY SNAPSHOT

Saskatchewan's production of lentils in 1998 represented over 97 percent of Canada's total lentil production.

Northern Lights Gourmet Mushrooms Ltd.	\$125,000
TML Foods	820,000
Gordos Foods Ltd.	50,000
Walker Seeds Ltd.	1,000,000
Durafibre Inc.	75,000
Ag Growth Industries Ltd.	1,000,000
Fytokem Products Inc.	150,000
Big Quill Industries Ltd.	1,000,000
Infraready Products Inc.	200,000

In addition, as at March 31, 1999, \$430,000 has been advanced, in trust, to AFEF's lawyer which will be disbursed when the agreements are finalized.

During the fiscal year, AFEF earned revenue of \$239,896 from interest and dividends, administration fees, and miscellaneous earnings; and had investment principle of \$10,000 redeemed to the fund. These revenues and redemption are available for future investment.

Also, as of March 31, 1999, \$10,236,919 of the original \$20 million authorization remains available to the fund for investment. AFEF will continue to access these funds, as required, through a loan from the province.

Livestock Loan Guarantee Program

The Livestock Loan Guarantee (LLG) program assists Saskatchewan residents to establish production associations and to borrow funds on the strength of a government guarantee to the lender and the association's assurance fund. The funds are used by the association to purchase feeder cattle or bred cattle on behalf of members.

	1997-98	1998-99
Number of Associations	135	131
Number of Members	5,700	5,700
Loan Guarantees (\$M)	33.7	31.1
Feeder Cattle Purchased (head)	119,840	125,930
Value (\$M)	69.7	80.1
Breeder Cattle Purchased (head)	20,340	24,770
Value (\$M)	15.9	23.7

- During 1998-99, a sheep program was initiated under LLG, to promote the expansion of the sheep industry in Saskatchewan. Funding will be made available for feeder lambs as well as bred ewes. Initial steps were taken by department staff to establish a provincial association – and to complete regulations relating to the program.
- A Bison Program was also initiated under LLG in 1998-99. Steps were taken to complete the drafting of regulations related to the program. The mandate of the program will be to offer producers, who form an association, the ability to finance feeder bison through the loan guarantee program.

SAF has moved from providing general financing for multi-purposes to a more targeted approach that meets goals in the marketplace. Meeting the goal will be particularly important to move in the direction of value-added agriculture in Saskatchewan.

Agri-Food Equity Fund

The Agri-Food Equity Fund (AFEF) was established to provide start-up or expansion equity capital for companies which process primary agricultural products, market and distribute processed products, or supply products or inputs to processors or farmers.

SAF recognized the need for the financing of intellectual property or ideas to develop the agri-food industry in Saskatchewan was not being addressed by conventional, asset-based, financing sources. The \$20 million fund will assist operations with proven ideas, but without the equity to capitalize on market opportunities. The goal for each investment is to provide capital for an eight-year period, at which time AFEF would divest itself of the investment. Revenues generated from investments are returned to the fund for reinvestment in other value-added opportunities.

AFEF specializes in four major sectors: crop related, livestock related, food processing and technology related. The fund not only places investments directly, but acts as a consultant to new value-adding businesses and wherever possible partners with other private sector investors to increase the amount of capital available to expanding businesses.

In 1998-99, AFEF disbursed investments in debentures, common shares and preferred shares totaling \$4,420,000:

INDUSTRY SNAPSHOT

Since 1991, crops other than spring wheat have grown from 44 per cent of crop receipts to 73 per cent in 1998. Saskatchewan farmers now grow more than 50 different crops - providing diversification options when market conditions (prices) warrant.

Livestock and Horticultural Facilities Incentive Program

The Livestock and Horticultural Facilities Incentive Program provides an annual rebate of the Education and Health (E&H) tax paid on building materials used in livestock operations, greenhouses, or vegetable and raw fruit storage facilities. A total of \$1.68 million of rebates were paid out on 223 applications during the 1998-99 fiscal year.

Goal 4.

Enhanced productivity and sustainability of agricultural resources to ensure sustained business opportunities.

SAF manages directly over eight million acres of Crown land, which offers opportunities for continual improvements in productivity. In addition, through research technology transfer and appropriate regulations, SAF contributes to the goal of ensuring productive and sustainable use of the vast natural resources agriculture relies upon.

Crown Land Administration

SAF managed approximately 7.69 million acres of Crown land, including 6.09 million acres of land classified as agricultural (cultivated, forage and native) and 1.6 million other acres composed of:

- 21.8 thousand acres of non-agricultural (oil and gas, quarry, public and commercial),
- 196.5 thousand acres of land under agreement for sale,
- 804.1 thousand acres of provincial pasture land,
- 456.7 thousand acres of PFRA pasture land, and
- 120.9 thousand acres of vacant land.

In addition, over three quarters of a million acres of land under water bodies belong to the Crown and are administered by SAF.

SAF realized income of over \$27.18 million dollars from Crown land administration (excluding the Pastures Program Revolving Fund) that included:

- \$383,674 - Agreement administration fees,
- \$23,490,957 - Rent, penalty, summerfallow and taxes,
- \$2,613,426 - Gain on sale of land,
- \$693,796 - Interest on sale of land and improvement, and
- \$15,000 - Royalties from sand and gravel.

Multiple Use of Crown Land

Multiple use of Crown land continues to expand in an integrated fashion, often co-existing with traditional agricultural use.

- During the fiscal year 1998-99 SAF administered nearly 22,000 agreements on Crown land.
- A number of integrated resource management plans (IRMPs) were undertaken/completed in 1998-99. The Fir Lake IRMP was completed and progress was made on the Whitehood in particular. IRMPs on Crown land allow for a co-operative, interest-based approach to balance social, environmental and economic objectives in allowing for multiple uses.
- Completed negotiations with other provincial departments and Indian and Northern Affairs Canada to streamline the process to make Crown agricultural land, surface dispositions and designated water bodies available for sale to First Nations under the Treaty Land Entitlement (TLE) Framework Agreement.
- Expanded consultation efforts to include other users or potential users of Crown agricultural land. These included: Saskatchewan Outfitters Association; and the Tourism Saskatchewan Association.
- Twenty-five Allocation of Crown Land appeals were heard by the Lands Appeal Board.
- Worked with the Department of Highways and Transportation to update SAF's database and record all known sand and gravel deposits for future public use.

Treaty Land Entitlement (TLE)

During the 1998-99 fiscal year, 109,257 acres of Crown agricultural land were made available for sale to First Nations bands participating in the TLE process and sale transfers were completed on 2,881 acres. In total, as of March 31, 1999, 302,002 acres have been made available and 57,948 acres have been sold.

Sale of Crown Land

During 1998-99, SAF completed 118 land sales involving 23,976 acres. Total sale value was \$4,025,925. Of this total, 27 sales (6,750 acres) were tender sales to the highest bidder for \$1.56 million. The remainder were sales to lessors or under Treaty Land Entitlement agreements.

INDUSTRY SNAPSHOT

Approximately 60 per cent of the 6.25 million acres of canola planted in Saskatchewan in 1998 were herbicide-tolerant varieties (compared to 4 per cent in 1996).

The Saskatchewan Pastures Program (SPP) offers supplementary grazing on an equitable basis to all Saskatchewan livestock producers. The Pastures Program manages 54 provincial cattle and one sheep community pasture, comprising 804,000 acres of land. In 1998, 2,500 individual livestock producers had 66,252 adult cattle, 53,586 calves, 3,370 ewes, with 2,385 lambs and 621 horses and colts grazing during the summer. In addition, wintering programs handled 780 bulls for the whole season, 415 replacement heifers from November until April and 1,850 cows from November until just before calving time. There were 4,500 acres of previously broken land worked again: 3,400 acres disked and 3,100 acres seeded in 1998.

The Saskatchewan Pastures Program operates under the Conservation and Development Revolving Fund. The fund ended its fifth year of operation on March 31, 1999. The structuring of the program in a revolving fund allows for greater flexibility in pasture operations and client service. Total revenues were \$5.4 million and total expenses were \$6.0 million. The net loss was a direct result of the 1998 drought which decreased the pastures stocking rates. (Please refer to Appendix A for the detailed financial statements of the Revolving Fund.)

Goal 5.

A regulating environment that enables growth through high quality products, food safety, environmental protection and market access.

The conduct of all economic activity requires a set of rules that protects the interests not only of those directly involved in the activity, but those people who use the product and also those potentially affected by the activity. Without these rules, the economic activity itself would simply not be sustainable. SAF seeks to find simple and effective rules, and ones that manage impacts and maintain market access, for the purpose of generating growth and diversity in agri-food industries.

Prairie Diagnostic Service

The new non-profit veterinary diagnostic service, Prairie Diagnostic Services Inc., was formed during the 1998-99 fiscal year. As of February 1999, veterinary diagnostic services were provided from both the Regina and Saska-

toon laboratories with the head office in Saskatoon at the Western College of Veterinary Medicine (WCVM). The owners/members of the new corporation are the University of Saskatchewan and the Province of Saskatchewan. A CEO and a 12-member Board of Directors representing government, university, livestock industry, veterinarians, and meat processors manage the corporation. An agreement with the provincial government provides annual funding of \$2.025 million for operating costs. The agreement expires on March 31, 2001.

Disease Surveillance Unit

The Disease Surveillance Unit was set up in March 1998 to provide disease surveillance information for the province. The unit employs a veterinarian and a clerical assistant. This unit has provided information on the risk of importing elk and deer from Alberta. This unit also handled all the animal health and welfare related issues and provided assistance with the formation of the new Prairie Diagnostic Services. It is responsible for the administration, interpretation and application of the following legislation: *The Animal Protection Act, The Diseases of Animals Act and The Veterinary District Act.*

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Crop Protection Laboratory

SAF's Crop Protection Laboratory diagnosed 1,156 submissions in 1998-99. The type of inspection requested and the number of tests carried out in each category were: weed - 85, insect - 68, plant disease - 320, Dutch elm disease - 570 and herbicide resistance screen - 113.

A grant was obtained from the Agri-Food Innovation Fund to renovate and enlarge the Crop Protection Laboratory. The renovation will allow the lab to expand its crop diagnostic services, especially in relation to potato diseases.

Livestock Services Revolving Fund

Within the auspices of the Livestock Services Revolving Fund, the department carries out a number of activities:

- Provided livestock inspection services to 41 auction markets, 16 feedlots, one major packing plant, six abattoirs, Rural Municipality Administrators, the Saskatchewan Society for the Prevention of Cruelty to Animals (SSPCA), the Saskatchewan Highway

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Traffic Board and the Royal Canadian Mounted Police (RCMP).

- Inspected 1,449,630 animals on 148,581 manifests. Entered this data into the Livestock Information Management System, along with 86,888 animals on 5,351 manifests that went to Alberta.
- Provided documentation of livestock movement on 51,252 permits and entered the data.
- Renewed 4,093 four-year livestock brands, issued 540 new four-year brands and 232 lifetime brands and transferred 238 brands. Maintained the provincial brand registry of 18,397 registered brands.
- Issued 409 Livestock Dealer and Agent licenses and validated the dealer bonds.
- Completed voluntary agreements with 24 uninspected abattoirs that submit manifests for livestock delivered for slaughter.
- Established a new training syllabus with RCMP for Branch Inspectors and Livestock Investigators only.
- Obtained training through RCMP Academy for 26 Brand Inspectors.
- Completed roadside inspections on 160 vehicles with issuance of 25 "Warning Notices."
- Issued 522 game farm operator, merchandiser and processor licences.
- Maintained a database for inventory of game farm animals and distributed 9,115 ear tags to the game farm industry. These records minimize the potential for:
 - a) the illegal harvest of Crown wildlife to stock game farms;
 - b) the spread of disease through interaction between farm-raised stock and native wildlife populations; and
 - c) the competition for habitat by escaped farm-raised stock with native wildlife.
- Inspected 47 game farms, ensuring proper facilities are in place, ear tags, transportation and import permits are in order, as well as herd inventories.
- Investigated 31 incidents of non-compliance within the game farm industry.
- Audited 15 game farms for inventory accuracy prior to development of new game farm inventory report.
- Developed an export certificate to facilitate the movement of game farm animal products within the province and to the United States and issued 105 export certificates.
- Developed the Game Farm Information Bulletin.
- Provided regulatory support to 28 fur farms by licensing and inspecting farm facilities and ensuring proper animal welfare of farmed species.
- Issued 32 poultry licences.
- One Application of Determination of normally accepted agricultural practice upheld by the Agricultural Operations Review Board.
- Worked with Saskatchewan Environment and Resource Management to refine the restrictions of *The*

INDUSTRY SNAPSHOT

Saskatchewan produced 42 per cent of Canada's 1998 canola crop.

Wildlife Habitat Protection Act to allow for some unique sales and identify a procedure to accommodate fenceline clearing.

- Worked closely with conservation groups to achieve goals in conservation and biodiversity with: Grassland National Park; Nature Conservancy; Ducks Unlimited; and Sask Wetland Corporation.

Game Farm Program and Regulations

SAF assisted an interdepartmental effort to develop a provincial game farm policy; including an industry consultation process, development of a policy brochure and a communication strategy; which would become the basis for revising game farm regulations. The Trophy Ranch (Game Farming) Industry has provided a new economic opportunity for producers in this province.

- Became a member of the interdepartmental (SAF/SERM) and interagency (WCVM, Canadian Cooperative Wildlife Health Centre, CFIA) Risk Assessment Committee who's role is to assess the risks involved in the importation of various species of game farm animals from other jurisdictions.
- Began consultations and drafting for an overhaul of the provincial game farming regulations to incorporate all aspects of the provincial game farm policy.
- Development of a comprehensive "Game Farm Procedures Manual" primarily for deer species.
- Development of a "Trophy Ranching" information publication.
- Completed development of *The Domestic Game Farm Animal Regulations* and *The Diseases of Domestic Game Farm Animals Regulations*. These new regulations will lead to greater efficiencies within government in the administration and enforcement of the game farm industry.
- Facilitated the formation of the Saskatchewan Reindeer Association.

Intensive Livestock Operations Development

The department issued a record number of applications for approval of Intensive Livestock Operations (ILOs). Seventy-two approvals were issued, representing more than \$130 million in capital value.

Livestock Development and Manure Management

The Prairie Provinces Committee on Livestock Development and Manure Management has agreed to establish regional environmental standards in the areas of site

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Saskatchewan produced 86 per cent of Canada's canary seed crop in 1998.

characterization, manure storage construction, animal units, manure use and application. Representatives from each province are participating on each of the sub committees. A progress report on each area will be presented at Manure Management '99.

- Development of the Provincial Strategy for Sustainable Manure Management and creation of a Manure Management Working Group to facilitate its implementation.
- Participated in the implementation of the Canadian Quality Assurance Program in Saskatchewan. There are currently 68 producers representing approximately 500,000-market hogs/year enrolled in the Saskatchewan program.
- An independent study on "An Assessment of the Environmental Factors Relevant to Hog Expansion" was commissioned and completed. It concluded that "... the most effective method of ensuring that ILOs in Saskatchewan do not adversely impact the environment ... is to maximize the benefits of manure as a resource and recognize its potential to enhance soil quality and crop production" (Hobdevo 1998).
- Pork Central hosted a workshop for the Tri-Provincial Committee on Livestock Development and Manure Management to discuss current research across the prairie region. The workshop resulted in the establishment of future research directions and responsibilities.

Veterinary Diagnostic Services

There were 9,593 cases and 30,494 samples received at the Provincial Veterinary Laboratory in Regina from January 1, 1998, until December 31, 1998.

Bee Lab

The Bee Lab located in Prince Albert tested approximately 1,400 bee samples submitted by Saskatchewan beekeepers for tracheal mite infestations.

Dairy Laboratory

The Dairy Laboratory processed milk samples for composition and quality. The results of the composition testing were used by the Milk Control Board and dairy processors to purchase milk from producers. The quality results were used to monitor raw milk quality and regulatory compliance under *The Animal Products Act*. The Milk Control Board was invoiced \$2.00 per sample for 22,283 milk samples received between January 1 and December 31, 1998.

Pest Control

SAF staff undertook a number of actions regarding pest control and regulation:

- Completed monitoring of fall 1997 pre-harvest aerial applications of Roundup herbicide and the preparation of the final report.
- Issued 1,862 pesticide applicator licences, 604 pesticide vendor licences and 315 pesticide service licences.
- The Pesticide Investigator investigated 85 public complaints related to the improper or misuse of pesticides.

Provincial Scentless Chamomile Task Force

SAF was instrumental in forming a Provincial Scentless Chamomile Task Force with industry, municipal, academic and government representation, in order to develop a public awareness and control strategy.

Animal Protection

SAF negotiated a funding agreement with the Saskatchewan Society for the Prevention of Cruelty to Animals (SSPCA). The department has agreed to pay the SSPCA up to \$100,000 per year for providing investigative services under *The Animal Protection Act*. *The Animal Protection Act* was re-written.

Legislative Services

- SAF was represented on a task force that prepared and consulted on *The New Generation Co-operatives Act* that was passed in the Spring 1999 sitting of the Legislature. SAF participated on a Steering Committee that co-ordinated a series of 12 regional forums on New Generation Co-operatives.
- *The On-Farm Quality Assurance Programs Act* was proclaimed on October 15, 1998. This legislation supports the development of on-farm food safety programs by producer organizations. This legislation supports SAF's efforts in expanding our agricultural exports and helps ensure that Saskatchewan's reputation as a high quality, safe producer of food products is maintained.
- *The Animal Products Amendment Act, 1998*, was completed. This provides the authority for Saskatchewan to develop a HACCP (Hazard Analysis Critical Control Point) based inspection program for small meat processors.
- *The Noxious Weeds Act* was amended and regulations developed so that the list of designated noxious weeds can be changed expediently.
- SAF commissioned a study to examine the agricultural machinery and implement manufacturing industry.

Traffic Board and the Royal Canadian Mounted Police (RCMP).

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- Pork Central hosted a workshop for the Tri-Provincial Committee on Livestock Development and Manure Management to discuss current research across the prairie region. The workshop resulted in the establishment of future research directions and responsibilities.

Veterinary Diagnostic Services

There were 9,593 cases and 30,494 samples received at the Provincial Veterinary Laboratory in Regina from January 1, 1998, until December 31, 1998.

Bee Lab

The Bee Lab located in Prince Albert tested approximately 1,400 bee samples submitted by Saskatchewan beekeepers for tracheal mite infestations.

Dairy Laboratory

The Dairy Laboratory processed milk samples for composition and quality. The results of the composition testing were used by the Milk Control Board and dairy processors to purchase milk from producers. The quality results were used to monitor raw milk quality and regulatory compliance under *The Animal Products Act*. The Milk Control Board was invoiced \$2.00 per sample for 22,283 milk samples received between January 1 and December 31, 1998.

Pest Control

SAF staff undertook a number of actions regarding pest control and regulation:

- Completed monitoring of fall 1997 pre-harvest aerial applications of Roundup herbicide and the preparation of the final report.
- Issued 1,862 pesticide applicator licences, 604 pesticide vendor licences and 315 pesticide service licences.
- The Pesticide Investigator investigated 85 public complaints related to the improper or misuse of pesticides.

Provincial Scentless Chamomile Task Force

SAF was instrumental in forming a Provincial Scentless Chamomile Task Force with industry, municipal, academic and government representation, in order to develop a public awareness and control strategy.

Animal Protection

SAF negotiated a funding agreement with the Saskatchewan Society for the Prevention of Cruelty to Animals (SSPCA). The department has agreed to pay the SSPCA up to \$100,000 per year for providing investigative services under *The Animal Protection Act*. *The Animal Protection Act* was re-written.

Legislative Services

- SAF was represented on a task force that prepared and consulted on *The New Generation Co-operatives Act* that was passed in the Spring 1999 sitting of the Legislature. SAF participated on a Steering Committee that co-ordinated a series of 12 regional forums on New Generation Co-operatives.
- *The On-Farm Quality Assurance Programs Act* was proclaimed on October 15, 1998. This legislation supports the development of on-farm food safety programs by producer organizations. This legislation supports SAF's efforts in expanding our agricultural exports and helps ensure that Saskatchewan's reputation as a high quality, safe producer of food products is maintained.
- *The Animal Products Amendment Act, 1998*, was completed. This provides the authority for Saskatchewan to develop a HACCP (Hazard Analysis Critical Control Point) based inspection program for small meat processors.
- *The Noxious Weeds Act* was amended and regulations developed so that the list of designated noxious weeds can be changed expediently.
- SAF commissioned a study to examine the agricultural machinery and implement manufacturing industry.

Regulatory Reform

- SAF worked with the crop protection industry to develop a provincial program for collection and disposal of unwanted pesticide products, and participated on the steering committee for program implementation scheduled for the fall of 1999.
- Assumed leadership of Government involvement in the negotiations related to the United Nations Environmental Protection "Biosafety Protocol"
- Worked with the Saskatchewan Sheep Industry on predation issues and facilitated development and funding for a Livestock Predation Intervention Officer.
- SAF participated on a national committee undertaking the development of a National Horticulture Code. The code, when completed, will provide guidelines to ensure quality and safety of minimally processed horticultural crops.
- SAF convened and led an interdepartmental committee charged with finding practical solutions to reduce the problem of smoke from stubble burning. Drafted a proposal for a pilot project in the Regina area for implementation in the fall of 1999.

Goal 6.

Effective management of business risks, with the agri-food industry responding to market signals about what to produce.

Achievement of this goal will require a multi-levelled strategy. With susceptibility to drought, supply-demand factors, and erratic international policies affecting our markets, effective farm safety nets play a key role in SAF programs. Programs like Crop Insurance and NISA provide some security for farm families to invest in their farm business. Risk will always present a challenge for all parts of the agri-food industry. SAF will seek to support efforts by the industry to manage these risks.

Agricultural Income Disaster Assistance (AIDA) Program

The seriousness of the projected farm incomes, and the inability of the current safety net package to deal with the problem, pointed out the need for an effective disaster program. SAF, along with farm organizations, examined program options and had extended discussions with the federal government about the situation as it developed. Federal agriculture minister Lyle Vanclief announced the Agricultural Income Disaster Assistance Program in December, 1998, but revealed little detail

INDUSTRY SNAPSHOT

82 per cent of Canada's total mustard crop was produced in Saskatchewan in 1998.

about how the program would operate. Intensive negotiations occurred about the effectiveness of the program and the fairness of the 60:40 federal-provincial cost-sharing package for agriculture-based economies like Saskatchewan and Manitoba.

In an effort to determine the cost of the newly announced Agricultural Income Disaster Assistance (AIDA) program, SAF gathered producer level data in order to estimate program costs associated with the 1998 calendar year. The data gathering process involved a private firm and SAF staff. The results of the data gathering exercise provided SAF with frequency of payout and size of payout information by region, type and size of operation. In 1998-99, the department made a \$140 million contribution to the Saskatchewan Agricultural Stabilization Fund, which was the fund identified to administer Saskatchewan's contribution to the federally administered AIDA program.

SAF assisted in getting information on the AIDA program into the hands of producers. Examples of action taken include:

- Staff obtained responses from producers in the Northwest and West Central regions to a preliminary survey of the AIDA program. This was accomplished on very short notice.
- Initiatives were taken to make AIDA forms available to producers, as the package was slow coming from the Federal Agency. Rural Service Centres duplicated thousands of the forms from the Internet to distribute. For example, a Client Service Representative in one office downloaded the 62 pages of information on AIDA off of the Internet, then made 455 photocopies in March alone. Similar client service on this program occurred in all offices.
- Producers relied heavily on the RSCs for AIDA forms and information, as RSCs were the only direct Saskatchewan distribution point for the forms. Hundreds of telephone calls and office visits have been handled on the Program. Although the main AIDA office was also distributing forms, unfortunately producers often received them weeks after ordering.
- Staff made arrangements for AIDA consultants to come out to local areas and do informational sessions for producers. 73 meetings were held with over 2,600 attending, many of which were initiated, arranged, and promoted by Extension Service.
- Staff encouraged clients to complete the application forms as many producers expressed concern about

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Saskatchewan's greenhouse industry in 1998 had over 1.57 million square feet under glass and plastic, with over \$12.62 million in sales - both record levels.

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Short-Term Hog Loan Program

The Short-Term Hog Loan Program was announced in December 1998, to assist hog producers to offset operating losses. The program was implemented as a result of a severe drop in hog prices that were causing financial distress to producers. Pork prices fell to a historical low of \$0.46/ckg.

- The Short-Term Hog Loan Program had applications available within four weeks of being announced and disbursed \$8.5 million of loans by March 31, 1999.
- The Short-Term Hog Loan Program was implemented as a means to offset cash flow problems until the Agricultural Income Disaster Assistance Program (AIDA) was available to producers. The program was well received by the pork industry.

Net Income Stabilization Account (NISA)

NISA is a cornerstone of the farm safety net package. NISA is designed to provide a mechanism for producers to save money during good times for lower income periods in the future. Producers can contribute up to three per cent of their annual eligible net sales and have it matched by governments. In addition, governments provide an interest rate bonus of three per cent to any money contributed by the producer to their NISA Account. Saskatchewan contributed \$40 million in the 1998-99 fiscal year to the tripartite program.

Participation:

The account balance of Saskatchewan producers participating in NISA at March 31, 1999 totalled over \$1.139 billion, an increase of 13 per cent over the previous year. The average individual account balance is \$20,350, which represents about 25 per cent of the gross sales of the average Saskatchewan farm. Participants in the program produce approximately 90 per cent of the eligible commodities produced in the province.

NISA Enhanced Contribution:

During 1998-99, SAF staff negotiated a one-time NISA enhancement with the federal government for Saskatchewan NISA participants. Canada and Saskatchewan will provide a one-time enhancement equal to two per cent of the greater of a producer's 1998 eligible net sales or average eligible net sales from 1994 to 1998. Producers

do not have to make a matching contribution to be eligible for the enhancement. The total value of the enhancement is expected to be \$85 million which will result in the average NISA participant receiving an additional \$1,540 in government contributions to their NISA account. (Due to the timing of the enhancement, the funding will come from SAF's 1999-2000 budget). The NISA enhancement can be accessed through the regular NISA triggers.

A SAF staff served as the provincial representative on the National NISA Committee (NNC). The NNC oversees policy issues concerning the NISA Program and makes recommendations to the NISA Administration concerning policy. The Saskatchewan representative also served on a sub-committee responsible for investigating and recommending alternatives to the current NISA point of sale guidelines.

Saskatchewan Crop Insurance

Crop insurance protection against production loss is an important cornerstone of the farm safety net package. In 1998, SCIC insured 21.5 million acres, an increase of 1.4 million acres from the previous year. In the last two years, there has been an increase of 15 per cent in the amount of insured crop acres.

SCIC provided vital detailed coverage of growing conditions throughout the grainbelt last year using Global Information System (GIS) technology and the Crop Reporting System.

Cost-Sharing Agreement:

The premium cost-sharing arrangement was revised in 1998 to provide a lower premium cost for producers on buy-up coverage. For buy-up coverage of 60 per cent, 70 per cent and 80 per cent of a producer's average yield, governments pay 50 per cent and producers pay 50 per cent.

For 1998 and subsequent years, producers average individual yields are recalculated every time they grow the crop using 90 per cent of their previous individual average yield and 10 per cent of their most recent annual yield.

Reduced Premiums:

Crop Insurance is an input cost the province has been able to significantly decrease. On average, producers paid 13 per cent less per acre because of the improved cost sharing at the buy-up level. Since 1996, the producers' share of premium costs has decreased by one-third. The premium cost-sharing arrangement was revised in 1998 to provide a lower premium cost for producers on buy-up coverage.

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In 1998, producers seeded 32.9 million acres with 63 per cent being insured with SCIC. Seventy-five per cent of all insured acres also had the Hail Option. Crop Insurance also insured 358,000 forage acres.

- Approximately, 3,400 establishment claims were filed in 1998. This was a significant increase from 826 claims in 1997.
- The Appeal Panel heard 84 appeals between March 31, 1998, and March 31, 1999.

Toll-Free Lines:

SCIC uses toll-free lines, allowing customers to do business directly from their homes. With this service claims can be registered, seeded acreage information filled out and production declarations can be submitted. During sales (February and March), customers could change their crop insurance coverage simply by calling one of the toll-free numbers. Each customer service office has its own number; as well there is a separate line for head office.

The lines were used most frequently in March and June with peak calling hours between 10:00 a.m. to 12:00 p.m. and from 1:00 p.m. to 3:30 p.m. These two months are particularly important because of the March 15 and June 25 crop insurance deadlines. Between April 1, 1997, and March 31, 1999, approximately 186,000 toll-free calls were made.

Big Game and Waterfowl Damage Compensation Programs:

In the 1998-99 crop year, 264 big game claims were made and \$529,955 was paid out as of March 31, 1999. There were also 298 waterfowl claims registered and \$520,361 paid. In April, program changes were announced:

- The coverage level increased from 70 per cent to 85 per cent compensation based on the crop grade at the time of adjustment.
- Saskatchewan Environment and Resource Management (SERM) eliminated the \$11 hunting licence, which initially assisted the financing of the Big Game Damage Compensation Program.
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In 1998, Saskatchewan produced a record 1,591 tonnes of wild rice with sales of over \$2.63 million, also the highest ever.

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Global Positioning Systems (GPS):

In 1998, SCIC measured approximately 556,000 acres using Global Positioning Systems (GPS). GPS provides the corporation with a fast and accurate way of measuring acres. This past year, SCIC focused on acreage verification of land that was irregularly shaped or difficult to measure.

Geographical Information Systems (GIS) workstations were set up in offices around the province to improve program analysis, claims management and resource management. GIS is a computer application capable of assembling, storing and displaying geographical referenced information. Working with SaskGeomatics, Saskatchewan Research Council, Prairie Farm Rehabilitation Administration (PFRA), Environment Canada, and Saskatchewan Environment and Resource Management (SERM) satellite imagery applications were developed for verifying land use and identifying significant acreage discrepancies. By June of 1999, SCIC will have 13 operational workstations in Saskatchewan.

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Saskatchewan has over 150 specialty crop processing facilities which generate approximately 1,000 jobs, 600 of which are full-time.

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Identification of new business opportunities in the agri-food industry.

This goal is a critical one in an agriculture and food economy where opportunities continue to multiply. SAF will play a substantial role in working with industry not only to identify the opportunity, but also to assess and determine industry feasibility and develop appropriate strategies.

Food Processing Industry Development

SAF has co-located five staff at the Food Industry Development Centre in Saskatoon (Food Centre). This co-location with the Saskatchewan Food Processors Association, the Saskatchewan Neutraceutical Network, and staff at the Food Centre provides improved access to information and assistance to the food processing industry at one convenient location.

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Neutraceutical Network

Saskatchewan Agriculture and Food facilitated the creation of the Saskatchewan Neutraceutical Network, responsible for leading the development of this industry. Staff from SAF in partnership with the Saskatoon Regional Economic Development Authority, the Saskatchewan Neutraceutical Network, and Saskatchewan Economic and Co-operative Development are working to develop a joint strategy for the development of the neutraceutical industry.

Agri-value Marketing Analysis

SAF is establishing a new service that will provide competitive marketing analysis on selected agri-value products. This service is intended to focus on information that is very product specific and that focuses on the strengths of Saskatchewan. Unique information that is otherwise unavailable will be the thrust of this service.

International Business Development Strategy

SAF has adopted an International Business Development Strategy to identify opportunities in international business development where it can undertake activities including co-ordinating and fostering external partnerships that will make an important contribution to the value-added potential and the development of new markets for Saskatchewan agri-business. Some of the activities undertaken during 1998-99 include:

- Discovery '99, Food and Non-Food Uses of Specialty Livestock Conference was hosted in North Battleford. This conference, which showcased local and international speakers, examined the potential for developing an international market for specialty livestock products that meet specific consumer demand.
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- SAF participated in the organization of 1998 Expo and Pork Industry Symposium. Both programs were successful. Registration and sponsorship support for the symposium increased by 10 and 25 per cent respectively, despite record low pork prices.

Specialty Crops Development

Timothy is a forage crop with considerable potential in the East Central Region. Recognizing these challenges, East Central staff proceeded with the following actions:

- A Timothy forage working group, comprised of SAF, Ducks Unlimited, and Sunridge Forage, was formed to develop a strategy for sustainable growth.
- To increase grower knowledge on how to produce a quality product, a series of public meetings were held during the winter of 1998-99.
- A long-term research site has been established in the Preeceville-Buchanan area to address production and agronomic issues. Field days and summer tours will be held at this site in 1999.
- A forage club has been established in the Preeceville area to oversee the project and help staff increase the dissemination of information to producers.

Sunflower Crop Development:

Staff sat on the Saskatchewan Sunflower Committee that worked to develop and promote the sunflower industry. Sunflower variety trials were also located in the Weyburn district.

Saskatchewan Wild Rice Industry:

The Saskatchewan Wild Rice industry produced a record crop in 1998 of about 3.5 million pounds (green). This represented 80 per cent of Canadian production. The record crop was due to favourable water levels in producing water bodies and a warm summer with a long frost-free period in the fall without damaging winds.

Industrial Hemp:

Thirty Saskatchewan producers obtained permits to produce industrial hemp. Specialist services assisted with information on licensing requirements and available production information for this new crop.

Precision Farming Project

Staff participated in a precision farming project funded by AFIF and in partnership with local producers and PFRA. The goal of the project is to address and evaluate economic opportunities for grain producers as a result of using precision farming technology. Indicators point toward a lower cost of production for producers if they can adopt variable rate seeding and pest control technol-

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There were 9.6 million acres of summerfallow in 1998, the lowest amount since the 1930's

ogy. Projects such as this assist producers in evaluating expensive new technologies and their potential economic application without incurring massive capital costs when the economic benefit is still unclear. The following activities were carried out in the Rosetown district in 1998-99 to determine some field results:

- Staff assisted a farmer co-operator to adapt precision farming variable rate technology on a field scale in six fields.
- Technical work was required with various agencies, including PFRA and the University of Saskatchewan (U of S), to make the system operable.
- The co-operator and staff collected data, analysed the data, and the results were discussed with personnel at the U of S.
- Results were formatted into an audio-visual presentation that was used by staff at farmer meetings throughout the region and with SAF staff for training purposes.
- The project has been modified, based on knowledge gained, and will be expanded to 11 fields for 1999.

Retained Ownership Feedlot Project

Staff provided resource assistance to a Retained Ownership Feedlot Project. This was designed to demonstrate to cattle producers the opportunities that exist to finish cattle in Saskatchewan. The project is centred out of a custom feedlot at Wawota and includes 235 steers from 23 area producers. It is lead by the District #5 ADD Board and is partially funded by the Agri-Food Innovation Fund. Producers meet every 60 days, after the cattle are weighed, to evaluate performance and marketing strategies. A marketing club was formed to hedge the cattle, lock in the dollar, and secure a supply of feed barley.

Ukraine Beef and Forage Development Project

SAF assisted in laying the groundwork for a four-year Ukraine Beef and Forage Development Project. This project focuses on addressing technical and systemic needs of Ukraine that will enable the country to be a stronger agri-food trade partner for Saskatchewan. This project is being undertaken in partnership with the Saskatchewan Trade and Export Partnership and Manitoba Agriculture.

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There were 91,400 female hogs (sows and gilts) on Saskatchewan farms in 1998, the highest number since 1974.

Royal Red Arabian Horse Show

SAF facilitated renewal for two additional years of the operation contract between the International Arabian Horse Association and Regina Exhibition Park to extend hosting of the Royal Red Arabian Horse show in Regina in the years 2000 and 2001.

Unique Undertakings

- Worked with the Saskatchewan feedlot industry to study the financial stability of ethanol production in conjunction with feedlots.
- Directly facilitated establishment of Saskatchewan's only hair on hide tannery for large hooved animals at Maple Creek, Saskatchewan.
- Directly facilitated the strengthening of the relationship between the Saskatchewan Bison Association and the Canadian Bison Association and their relocation to Regina Exhibition Park.

Goal 8.

Provincial, national and international policies that promote growth, diversification and adding value to the Saskatchewan agri-food industry.

Much of the success of Saskatchewan farm businesses and food industries depends in a major way upon policies beyond Saskatchewan borders. Many are national policies and many are international policies. For an industry so reliant upon export markets, it will be imperative for SAF to pursue the interests of Saskatchewan agri-food industry in decision making processes concerning these policies, whether the topic is market access, export subsidies, sanitary and phytosanitary (food safety and quality) measures, or transportation policy.

Farm Income Analysis

The dramatic drop in agricultural commodity prices in the fall of 1998 triggered an intensive analysis of farm income trends to ensure that proper data was available as farm organizations and governments discussed an appropriate response. A significant part of the analysis involved assessing the impact of massive subsidies to

farmers by the European Union and the United States that encouraged increased production in spite of low prices because of surpluses.

R-CALF Countervail Action

SAF staff co-ordinated the preparation of information in preparation for the response for the US Department of Commerce questionnaire on the R-CALF countervail action.

Provincial Chicken Quota Increase

SAF worked in co-operation with the Chicken Farmers of Saskatchewan to double the allocation quota available to Saskatchewan from the Chicken Farmers of Canada. The acquired quota will allow producers to double the chicken industry in four years.

Transportation

SAF commissioned a number of studies, which would provide a better basis for the federal-provincial-industry discussions, and negotiations that would result in a long-term strategy for the grain handling and transportation system.

- a) Impact Analysis: Effects of Railway Deregulation on Saskatchewan Agriculture (WEFA Inc.).
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Canadian Wheat Board (CWB)

SAF provided input into the ongoing discussions and debate concerning the future of the CWB that moved through crucial phases in 1998-99, with the passage of Bill C-4 in the federal Parliament including the changes initiated by the Senate and the election of 10 members to the CWB board of directors by Prairie farmers.

- SAF participated in the organization of 1998 Expo and Pork Industry Symposium. Both programs were successful. Registration and sponsorship support for the symposium increased by 10 and 25 per cent respectively, despite record low pork prices.

Specialty Crops Development

Timothy is a forage crop with considerable potential in the East Central Region. Recognizing these challenges, East Central staff proceeded with the following actions:

- A Timothy forage working group, comprised of SAF, Ducks Unlimited, and Sunridge Forage, was formed to develop a strategy for sustainable growth.
- To increase grower knowledge on how to produce a quality product, a series of public meetings were held during the winter of 1998-99.
- A long-term research site has been established in the Preeceville-Buchanan area to address production and agronomic issues. Field days and summer tours will be held at this site in 1999.
- A forage club has been established in the Preeceville area to oversee the project and help staff increase the dissemination of information to producers.

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Grain Quality Issues

SAF provided input in a number of issues concerning the regulatory system for grain involving barley loads contaminated by deer feces, staff cutbacks, and the Program and Governance Reviews initiated by the CGC.

AgroForestry

- SAF contracted and managed a study by KPMG assessing the economic feasibility of several agroforestry scenarios for Saskatchewan's agricultural fringe areas. The department was also involved in co-ordinating agroforestry objectives with development of Crown land access policies and plans for significant expansion of the forestry sector.

Goal 9.

Client satisfaction through friendly and effective customer service.

SAF serves an industry that has a great impact on the provincial economy and the customer base is broad and diverse. No organization can achieve its mandate without paying close attention to its customer needs and building positive and trusting relationships with all those served. SAF employees play a key role in meeting this goal for the organization. The test of any organization is how well it serves its customers and its willingness to look for feedback to continually improve.

Farm Client Survey

In November 1998, SAF conducted a survey of Saskatchewan farmers in order to assess client service satisfaction levels.

Saskatchewan farmers generally view SAF staff as being helpful, professional and technically competent. More than three-quarters of the farmers surveyed indicated that SAF is very effective at imparting knowledge and a majority felt SAF does a good job at improving skill levels and at saving producers time and money. Almost all SAF service areas were reported as having "met expectations."

The survey also revealed that SAF services are not always provided in a consistent manner and a number of respondents suggested SAF needs to do a better job of making farmers aware of what services are being offered.

INDUSTRY SNAPSHOT

Saskatchewan had 25 per cent of the Canadian beef cow herd in 1998.

Development of Service Standards

A committee was established to develop service standards for the Extension Services Branch in response to the Farm Client Survey. Once they are implemented in the extension area, the service standards will be adapted for the department as a whole.

Management Development

A client service module was established as part of the Management Development Program. The module provides public relations and customer services training, as well as a wide range of technical training specific to the agricultural industry.

Goal 10.

A responsible and accountable organization with knowledge, skills, information and authority to perform with excellence.

Three ingredients should never be separated in any decision-making process. These are responsibility, authority, and accountability. SAF will strive to create a working environment where all employees have clear responsibilities, have the authority to meet their responsibilities and are held accountable for their decisions. At the same time, SAF must strive to ensure that employees have the knowledge, skills, and information to carry out their responsibilities.

Staff training

Seventy-two per cent of the staff at SAF spent 2,616 days at over 649 learning events in 1998-99. This represents an average of 6.9 training days or 2.4 learning events attended per SAF employee. Learning events undertaken by Saskatchewan Crop Insurance Corporation and Agricultural Credit Corporation of Saskatchewan employees and courses without registration fees were not included in these calculations.

Management Development Program

The Management Development Program was based on Management Core Competency Assessments, Employee and Client Survey Results, which consisted of Leader-

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In 1998, SAF approved over \$92 million in permits for construction of intensive livestock operations such as hog barns or feedlots (compared with an average of \$10.65 million for the 1988-92 period).

ship, Communication, Conflict Resolution, Recognition, Negotiation, Making Presentations and Client Focus modules. Evaluation and recommendations indicate expansion and improvements next year.

SAF Library Services

- The Library added 440 new books to the collection, ordered 140 new titles, arranged for 425 interlibrary loans, researched more than 500 reference questions, circulated 200 books and routed 980 copies of journals to 600 borrowers.
- Responsibility for Agriculture Development Fund reports and the archive collection were transferred to the Library in 1998-99.
- Publication Distribution Centre services were successfully moved to an off-site location thereby reducing distribution costs.

Intranet Personnel System (IPS)

The department implemented the Government-wide IPS initiative in June 1998. The purpose of IPS is to provide the Saskatchewan Government with the capability of distributing Human Resource Information into the hands of all government employees and managers.

The main functions of IPS are: Employee Tracking and History, Position Control, Leave and Attendance Reporting and Analysis, Learning and Development Administration, Accruals Accounting, Employment Equity Reporting, Re-employment Administration and comprehensive Collective Agreement Administration.

SAF Employee Survey Implementation Team

SAF staff participated on an Employee Survey Implementation Team, providing a link between the Senior Management Group (SMG) and employees regarding the ongoing implementation of the Employee Survey Action Team recommendations, created a process for ongoing monitoring to ensure all Action Team recommendations are addressed and facilitated improved communications regarding employee survey and Action Teams activity.

Employment Equity

SAF is committed to employment equity. During 1998-99, the Human Resources Branch of SAF created an

employment equity co-ordination position. This solid commitment to Employment Equity should result in increased awareness and long lasting success in recruiting and retaining equity target group members as Agriculture and Food employees.

Cross-Cultural Communications Workshops

In 1998-99 the Saskatchewan Crop Insurance Corporation (SCIC) held Cross-Cultural Communications Workshops throughout the province. The goal of the one-day workshop was to promote awareness of culture in the workplace. SCIC is committed to providing this awareness to all its current and future staff members.

Shadowing Program

In the fall of 1998, SCIC initiated a shadowing pilot program involving a partnership with the Metis Society of Saskatchewan. This project paired aboriginal individuals with adjusters for a two-week period. If the individual was interested after completing the program, SCIC arranged a job interview.

Goal 11.

Responsible financial management and administration based upon strategic priority setting.

SAF will use its financial resources in the most responsible way possible to achieve the strategic priorities of the organization in serving the agri-food industry. This means effective planning, linked closely to the budgeting and expenditure process, with accountability for all expenditures.

Revenue and Expenditures Forecasting

SAF has a role in ensuring that the Province's finances are managed properly and that the balanced budget commitments become reality. Monthly cash and expenditure forecasts and quarterly revenue forecasts are prepared for and used by senior management to facilitate fiscal responsibility. These forecasts reflect SAF's current financial situation and include well-documented explanations for variances between the budget and previous forecasts (see Department Financial Schedules).

Maintaining a Strong System of Internal Controls

SAF is responsible for maintaining a strong system of internal controls around the funds it manages. These internal controls are audited by the Provincial Auditor and discussed by the Legislative Assembly's Public Accounts Committee (PAC). SAF appeared before the committee twice during 1998/99 to address the Provincial Auditor's

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recommendations in his Fall 1997, Spring 1998 and Fall 1998 reports. SAF has either addressed or is in the process of addressing all of the recommendations.

Expenditure Processing

Expenditure processing involves data entry, filing, proper coding of invoices, appropriate authorization, and ensuring that each invoice submitted is a proper charge in delivering a program. SAF must comply with *The Financial Administration Act* and the Government's Financial Administration Manual (FAM) for all expenditures it incurs.

Government targets concerning the timelines of payment to suppliers and error minimization exist for expenditure processing. For 1998-99, 45,000 expenditure transactions totaling \$329 million were processed, with Government targets being exceeded.

Revenue Processing

FAM sets out policy concerning the timeliness of depositing revenue receipts. For 1998-99, revenue receipts totaling \$42 million were processed and deposited in accordance with the policy.

Information Management Strategic Initiative (IMSI)

SAF staff led the design and development of a comprehensive strategy for the co-ordination of all SAF information technology and information management activities and needs. The IMSI will be implemented over time, as resources are available.

As a result of the findings of the IMSI, the Department announced the creation of BITS and established a Chief Information Officer in February 1999 to bring together all work units providing services in the business improvement and information and information technology management areas.

Business and Information Technology Services (BITS)

Year 2000 Initiatives

- SAF implemented and staffed a Year 2000 Test Centre, which began evaluating all SAF software and hardware for Y2K issues and provided an educational opportunity for two co-op students.
- Implemented SAF Y2K Website, which resulted in improved communication of Y2K testing progress to department staff.
- Completed the SAF Information Technology Contingency Plan, which resulted in a disaster recovery/contingency plan, improved ability to recover from a disaster and the documentation of departmental technical resources.

INDUSTRY SNAPSHOT

There were 279 food processors in Saskatchewan in 1999, an increase of 95% from 1991 when there were 143 firms. Food processors employ 7,400 people in Saskatchewan.

- Replaced SAF Y2K non-compliant computer systems. Upgraded all staff computers to Pentiums to improve processing capabilities.

Computer Upgrades and Distribution

SAF has provided staff with the most up-to-date tools to enable staff to better carry out their job requirements. During 1998-99, computers have been supplied to most pasture managers. Computer training was provided for pasture managers over the winter. This will allow them to input all their livestock entry information into the Crown Land Management System (CLMS).

Policy and Procedures Manual Project

In 1998-99, the department initiated the Policy and Procedures Manual Project and completed production of manuals for the Beef Development Board, the Horned Cattle Fund and the Cattle Market Deductions Fund. The goal is to have manuals prepared for all SAF programs by March 31, 2000.

CLMS Facilitation

The Department's Lands Branch maintains CLMS. In 1998-99, a major initiative was undertaken to address specific deficiencies of CLMS. These deficiencies had financial and internal control aspects to them. Solutions were communicated to the Provincial Comptroller and Provincial Auditor's offices with regular updates on the progress. Of the eight accounting system enhancements identified, seven had been implemented on or before March 1999.

Agricultural Credit Corporation of Saskatchewan (ACS)

ACS continued to focus on reducing the outstanding portfolio. Since the windup was announced in March 1996, the portfolio has been reduced from \$382 million to \$130 million at March 31, 1999. During 1998-99, the portfolio reduced by \$37 million. For 1998-99, ACS had a target to resolve 1,000 accounts that were more than 400 days delinquent. In spite of the poor economic conditions in the industry, ACS was able to resolve 1,004 of these target accounts.

In addition to resolving its own accounts ACS also does collections on behalf of Saskatchewan Crop Insurance

INDUSTRY SNAPSHOT

Saskatchewan's processed food exports increased 90 per cent between 1993 and 1999, the highest growth rate of all provinces.

Corporation. During 1998-99, ACS was able to resolve 1,362 accounts which exceeded the objective of 1,200 accounts.

To match the reduction in outstanding accounts, staff numbers are continuing to reduce through a combination of attrition and layoffs. At year-end, staff numbers were 61.9 compared to 90.1 a year earlier.

It is estimated that approximately \$110 million of the portfolio will be outstanding by windup, at March 31, 2000. During the coming year, decisions will be made on how the portfolio can be best administered.

Agri-Food Innovation Fund (AFIF)

SAF staff provided evaluation support, expertise and services to establish a formal evaluation process for AFIF that enhanced the ability of AFIF working groups to ensure objectives are being accomplished. An interim evaluation process was completed on schedule and within budget.

Agri-Food Council Agencies

The Agricultural and Food Products Development and Marketing Council (Agri-Food Council) is responsible for the supervision of 10 agricultural marketing and development agencies. In 1998-99, the Agri-Food Council began an initiative to improve upon the information it uses to carry out this supervision. Agency accountability will be improved by requiring additional audit and financial reporting to the Council and the agencies' members.

Liaison With External Agencies

- Negotiated and implemented cost-sharing agreements with Intergovernmental and Aboriginal Affairs (IAA) and Saskatchewan Water Corporation to staff, access and utilize the SAF wide area network (WAN) and E-mail services, resulting in a reduction of government costs and improved use of existing infrastructure.
- Expanded SAF WAN and E-mail system to include the Saskatchewan Food Industry Development Centre in Saskatoon to enhance the partnership of the two organizations and provision of services to clients.
- Prepared and implemented a strategy to address the telecommunication requirements of both the Agricultural Credit Corporation of Saskatchewan (ACS) and SAF during the windup of ACS.

- Negotiated and implemented a reciprocal disaster recovery agreement with Saskatchewan Economic and Co-operative Development (ECD) to ensure continued technology services in the event of a major catastrophe and to improve disaster-recovery capabilities, improve use of government technical infrastructure and reduce costs required for contingency hardware for the two departments.
- Participated in the transition of the Provincial Vet Lab services and facilities to Prairie Diagnostic Services.
- Provided continued liaison with various external committees and agencies including the Systems Management Council, the IT Human Resource Subcommittee, the Network Managers Forum, the Tri-Systems Committee, and the government Information Technology Office which results in assurance of SAF input into government-wide IT initiatives, improved access to government-wide expertise and potential cost-saving opportunities.

Goal 12.

Industry awareness of SAF's direction, goals, policies and programs.

The best product or service in the marketplace is no use to anyone, if it is not understood by its potential consumers. SAF and its products and services are no different. SAF operates in a marketplace that needs to understand this organization, and what it does, if SAF is to make an effective contribution. This is true for the broader role and policies of the department and for the programs and services targeted at specific customer groups. Achieving this goal will be a key factor in fulfilling our contribution to the province's agriculture and food sector and to the economy as a whole.

Public Awareness

The Minister, Deputy Minister and staff have numerous speaking engagements and presentations at industry events to ensure the policies, programs and services of the department are highlighted and understood.

News announcements, media conferences and individual interviews are used extensively to explain new initiatives and directions.

Staff attendance at annual meetings of farm organizations and industry groups help promote the partnership role of the department, particularly in industry development.

Membership on various agencies and institutions that serve agriculture is a key tool to promote the working relationships that can maximize the department's contribution to the industry.

recommendations in his Fall 1997, Spring 1998 and Fall 1998 reports. SAF has either addressed or is in the process of addressing all of the recommendations.

Expenditure Processing

Expenditure processing involves data entry, filing, proper coding of invoices, appropriate authorization, and ensuring that each invoice submitted is a proper charge in delivering a program. SAF must comply with *The Financial Administration Act* and the Government's Financial Administration Manual (FAM) for all expenditures it incurs.

Government targets concerning the timelines of payment to suppliers and error minimization exist for expenditure processing. For 1998-99, 45,000 expenditure transactions totaling \$329 million were processed, with Government targets being exceeded.

Revenue Processing

FAM sets out policy concerning the timeliness of depositing revenue receipts. For 1998-99, revenue receipts totaling \$42 million were processed and deposited in accordance with the policy.

Information Management Strategic Initiative (IMSI)

SAF staff led the design and development of a comprehensive strategy for the co-ordination of all SAF information technology and information management activities and needs. The IMSI will be implemented over time, as resources are available.

As a result of the findings of the IMSI, the Department announced the creation of BITS and established a Chief Information Officer in February 1999 to bring together all work units providing services in the business improvement and information and information technology management areas.

Business and Information Technology Services (BITS)

Year 2000 Initiatives

- SAF implemented and staffed a Year 2000 Test Centre, which began evaluating all SAF software and hardware for Y2K issues and provided an educational opportunity for two co-op students.
- Implemented SAF Y2K Website, which resulted in improved communication of Y2K testing progress to department staff.
- Completed the SAF Information Technology Contingency Plan, which resulted in a disaster recovery/contingency plan, improved ability to recover from a disaster and the documentation of departmental technical resources.

INDUSTRY SNAPSHOT

There were 279 food processors in Saskatchewan in 1999, an increase of 95% from 1991 when there were 143 firms. Food processors employ 7,400 people in Saskatchewan.

- Replaced SAF Y2K non-compliant computer systems. Upgraded all staff computers to Pentiums to improve processing capabilities.

Computer Upgrades and Distribution

SAF has provided staff with the most up-to-date tools to enable staff to better carry out their job requirements. During 1998-99, computers have been supplied to most pasture managers. Computer training was provided for pasture managers over the winter. This will allow them to input all their livestock entry information into the Crown Land Management System (CLMS).

Policy and Procedures Manual Project

In 1998-99, the department initiated the Policy and Procedures Manual Project and completed production of manuals for the Beef Development Board, the Horned Cattle Fund and the Cattle Market Deductions Fund. The goal is to have manuals prepared for all SAF programs by March 31, 2000.

CLMS Facilitation

The Department's Lands Branch maintains CLMS. In 1998-99, a major initiative was undertaken to address specific deficiencies of CLMS. These deficiencies had financial and internal control aspects to them. Solutions were communicated to the Provincial Comptroller and Provincial Auditor's offices with regular updates on the progress. Of the eight accounting system enhancements identified, seven had been implemented on or before March 1999.

Agricultural Credit Corporation of Saskatchewan (ACS)

ACS continued to focus on reducing the outstanding portfolio. Since the windup was announced in March 1996, the portfolio has been reduced from \$382 million to \$130 million at March 31, 1999. During 1998-99, the portfolio reduced by \$37 million. For 1998-99, ACS had a target to resolve 1,000 accounts that were more than 400 days delinquent. In spite of the poor economic conditions in the industry, ACS was able to resolve 1,004 of these target accounts.

In addition to resolving its own accounts ACS also does collections on behalf of Saskatchewan Crop Insurance

INDUSTRY SNAPSHOT

Saskatchewan's processed food exports increased 90 per cent between 1993 and 1999, the highest growth rate of all provinces.

Corporation. During 1998-99, ACS was able to resolve 1,362 accounts which exceeded the objective of 1,200 accounts.

To match the reduction in outstanding accounts, staff numbers are continuing to reduce through a combination of attrition and layoffs. At year-end, staff numbers were 61.9 compared to 90.1 a year earlier.

It is estimated that approximately \$110 million of the portfolio will be outstanding by windup, at March 31, 2000. During the coming year, decisions will be made on how the portfolio can be best administered.

Agri-Food Innovation Fund (AFIF)

SAF staff provided evaluation support, expertise and services to establish a formal evaluation process for AFIF that enhanced the ability of AFIF working groups to ensure objectives are being accomplished. An interim evaluation process was completed on schedule and within budget.

Agri-Food Council Agencies

The Agricultural and Food Products Development and Marketing Council (Agri-Food Council) is responsible for the supervision of 10 agricultural marketing and development agencies. In 1998-99, the Agri-Food Council began an initiative to improve upon the information it uses to carry out this supervision. Agency accountability will be improved by requiring additional audit and financial reporting to the Council and the agencies' members.

Liaison With External Agencies

- Negotiated and implemented cost-sharing agreements with Intergovernmental and Aboriginal Affairs (IAA) and Saskatchewan Water Corporation to staff, access and utilize the SAF wide area network (WAN) and E-mail services, resulting in a reduction of government costs and improved use of existing infrastructure.
- Expanded SAF WAN and E-mail system to include the Saskatchewan Food Industry Development Centre in Saskatoon to enhance the partnership of the two organizations and provision of services to clients.
- Prepared and implemented a strategy to address the telecommunication requirements of both the Agricultural Credit Corporation of Saskatchewan (ACS) and SAF during the windup of ACS.

- Negotiated and implemented a reciprocal disaster recovery agreement with Saskatchewan Economic and Co-operative Development (ECD) to ensure continued technology services in the event of a major catastrophe and to improve disaster-recovery capabilities, improve use of government technical infrastructure and reduce costs required for contingency hardware for the two departments.
- Participated in the transition of the Provincial Vet Lab services and facilities to Prairie Diagnostic Services.
- Provided continued liaison with various external committees and agencies including the Systems Management Council, the IT Human Resource Subcommittee, the Network Managers Forum, the Tri-Systems Committee, and the government Information Technology Office which results in assurance of SAF input into government-wide IT initiatives, improved access to government-wide expertise and potential cost-saving opportunities.

Goal 12.

Industry awareness of SAF's direction, goals, policies and programs.

The best product or service in the marketplace is no use to anyone, if it is not understood by its potential consumers. SAF and its products and services are no different. SAF operates in a marketplace that needs to understand this organization, and what it does, if SAF is to make an effective contribution. This is true for the broader role and policies of the department and for the programs and services targeted at specific customer groups. Achieving this goal will be a key factor in fulfilling our contribution to the province's agriculture and food sector and to the economy as a whole.

Public Awareness

The Minister, Deputy Minister and staff have numerous speaking engagements and presentations at industry events to ensure the policies, programs and services of the department are highlighted and understood.

News announcements, media conferences and individual interviews are used extensively to explain new initiatives and directions.

Staff attendance at annual meetings of farm organizations and industry groups help promote the partnership role of the department, particularly in industry development.

Membership on various agencies and institutions that serve agriculture is a key tool to promote the working relationships that can maximize the department's contribution to the industry.



Publications

SAF's monthly publication *Agri-View* is distributed 11 times a year as a supplement inserted in the *Western Producer* which is distributed to over 50,000 Saskatchewan subscribers. *Agri-View* focuses on recent happenings and initiatives of interest to the agriculture and food industry, and outlines the government's agricultural policies and programs.

AgBits is a bi-weekly publication produced by SAF which is produced 104 times a year with a distribution of about 800 to MLAs, media, government departments and the public.

The *Farm and Food Report* is produced 52 times a year. Each issue is a collection of five agriculture and food related stories, which are distributed to all provincial media on a weekly basis.

The Saskatchewan Agriculture and Food Annual Report is distributed to industry organizations to highlight the official record of the department's activities. Other annual reports are prepared and tabled in Saskatchewan's Legislative Assembly (see Appendix A) before being made available to the public.

The department publishes numerous brochures and pamphlets on many different aspects of the agriculture and food industry.

Internet Publications: Both *AgBits* and the *Farm and Food Report* are available on our SAF Internet site and *Agri-View* is up next for placement.

Trade Shows

SAF's display and promotional material are exhibited at a number of trade shows including the Canadian Western Agribition, Crop Production Show, Farm Progress Show, Prairie Ventures and local fairs throughout the province.

SAF had a record level of involvement at Agribition and has signed a new three-year funding arrangement.

Century Family Farm Awards

SAF processed 61 applications for the Century Family Farm Awards and verified 51 applications eligible for the award, bringing to 400 the number of awards presented since the program was introduced in 1981, to honour family farms which have been operated continuously by members of one family for one hundred years or more.

INDUSTRY SNAPSHOT

The biotechnology sector in Saskatchewan now employs 1240 workers - 496 scientists, 694 technicians and 50 in sales and manufacturing, with salaries totaling \$43 million.

Publications

SAF's monthly publication *Agri-View* is distributed 11 times a year as a supplement inserted in the *Western Producer* which is distributed to over 50,000 Saskatchewan subscribers. *Agri-View* focuses on recent happenings and initiatives of interest to the agriculture and food industry, and outlines the government's agricultural policies and programs.

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INDUSTRY SNAPSHOT

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1998-99 Financial Schedules

Financial Schedules 1998-99

Saskatchewan Agriculture and Food Schedule of Revenue and Expense

	1998-99 Estimates \$000s	1998-99 Actual \$000s	Variance over(under) \$000s	
				Notes
Revenue				
Land Revenue:				
Crown Land Sales	4,030	2,613	(1,417)	1
Rent and Penalty on Land Leases	21,661	23,491	1,830	2
Interest	877	694	(183)	3
Royalties on Sand and Gravel	20	15	(5)	
Transfers from Federal Government	14,800	12,122	(2,678)	4
Transfers from Other Funds	-	462	462	5
Privileges, Licenses and Permits	499	519	20	6
Sales, Services and Fees	157	373	216	7
Other Interest Revenue	-	35	35	8
Other Revenue	1	1,074	1,073	9
Refund of Previous Year Expenditures	35	379	344	10
Total Revenue	42,080	41,777	(303)	
Expense				
Administration	3,516	3,524	8	
Accommodation and Central Services	2,860	2,767	(93)	11
Agriculture Industry Assistance				
Contributions for General Agricultural Interests	2,052	1,459	(593)	12
Farm Land Leaseback Compensation	250	158	(92)	13
Subtotal	2,302	1,617	(685)	
Land Management				
Land Management Services	2,918	2,981	63	14
Losses on Sale of Land	600	104	(496)	15
Land Revenue Bad Debt Allowance	1,000	(3,524)	(4,524)	16
Conservation and Development Revolving Fund (Community Pastures Program)	-	1,010	1,010	17
Net Financing Requirement	4,518	571	(3,947)	
Subtotal	4,518	571	(3,947)	

Financial Schedules 1998-99

Saskatchewan Agriculture and Food Schedule of Revenue and Expense

	1998-99 Estimates \$000s	1998-99 Actual \$000s	Variance over/(under) \$000s	Notes
Livestock and Veterinary Operations				
Program Operations	1,410	1,594	184	18
Disease and Animal Health Services	2,797	2,795	(2)	
Short Term Hog Loan Program				
- Loan Loss Provision	-	1,704	1,704	19
Livestock Services Revolving Fund				
Net Financing Requirement	-	466	466	20
Subtotal	4,207	6,559	2,352	
Policy and Planning				
Policy and Program Development	1,378	1,431	53	21
Statistics	625	608	(17)	
Communications	1,279	1,364	85	22
Subtotal	3,282	3,403	121	
Agriculture Research and Technology				
Project Coordination	701	771	70	23
Research and Development	6,000	5,397	(603)	24
Strategic Research Program	4,088	4,088	-	
Technology Adoption and Demonstration	1,000	1,117	117	25
AgWest Biotechnology	1,100	1,100	-	
Prairie Agricultural Machinery Institute	768	768	-	
Subtotal	13,657	13,241	(416)	
Agriculture Development				
Industry Development	1,597	1,344	(253)	26
Sustainable Production	2,226	2,186	(40)	27
Extension Services	6,700	7,088	388	28
Pork Central	850	872	22	29
Agri-Food Equity Fund				
- Investment Management	1,026	1,047	21	30
- Investment Financing	2,388	3,150	762	31
Subtotal	14,787	15,687	900	

Financial Schedules 1998-99

Saskatchewan Agriculture and Food Schedule of Revenue and Expense

	1998-99 Estimates \$000s	1998-99 Actual \$000s	Variance over(under) \$000s	Notes
Farm Income Stability				
Net Income Stabilization Account	40,000	39,996	(4)	
Agricultural Credit Corporation of Saskatchewan				
Loan Management and Administration	6,992	6,044	(948)	32
Interest Subsidy	11,000	8,285	(2,715)	33
Loan Losses	4,100	3,292	(808)	34
Subtotal	22,092	17,621	(4,471)	
Saskatchewan Crop Insurance Corporation				
Program Delivery	25,600	23,526	(2,074)	35
Crop Premiums	67,300	56,687	(10,613)	36
Livestock Feed Premiums	1,500	979	(521)	37
New Crops Premiums	400	413	13	
Waterfowl Damage Compensation Program	4,000	1,898	(2,102)	38
Big Game Damage Compensation Program	500	769	269	39
Financing Costs - Operating	1,500	-	(1,500)	40
Subtotal	100,800	84,272	(16,528)	
Saskatchewan Agricultural Stabilization Fund				
Agricultural Income Disaster Assistance	-	140,000	(140,000)	41
Total Expense	212,021	329,258	117,237	
Statutory Adjustments for Revolving Funds	1,476	-	(1,476)	42
Special Warrants	140,001	-	(140,001)	43
Total Revised Estimates and Expense	353,498	329,258	(24,240)	
FTE Staff Complement (FTE - Full Time Equivalent)	617.3	577.3	(40)	44

Note: Totals may not add due to rounding.

Financial Schedules - Notes

Explanations of variances which exceed \$20,000 between Estimates and Actuals.

Revenue

1. Demand for agricultural land was lower than estimated due to the decrease in net farm income and cash flows.
2. The Revenue Estimate was developed in the fall of 1997, however, actual grazing rates for 1998-99 were not known until January 1998. Grazing rates are based on factors, which include cattle prices and land productivity.
3. Interest revenue was lower as some producers obtained private financing and paid out their land purchase loans ahead of schedule.
4. Due to an amendment to the Federal/Provincial Crop Insurance Agreement, Federal Government contributions to the Waterfowl Damage Compensation Program were paid directly to the Saskatchewan Crop Insurance Corporation (SCIC) instead of the Department.
5. In 1997-98 the Livestock Services Revolving Fund realized an accumulated surplus in excess of \$500,000. In accordance with Treasury Board direction, any excess over \$500,000 is to be returned to the department as revenue. The 1997-98 excess of \$244,052 was recorded as department revenue in 1998-99.

Also, \$217,000, relating to collection of previously written off GRIP (Gross Revenue Insurance Program) receivables and interest, was recorded as revenue in 1998-99.

6. Revenue from the sale of licenses issued to game farm operators and pesticide applicators was higher than anticipated due to a larger number of participants in these programs.
7. The transfer of the Veterinary Laboratory operations to the new Prairie Diagnostic Services, a non-profit corporation, was scheduled for mid 1998-99. However, because of delays in finalizing the agreement, transfer did not occur until February, 1999.

Therefore, the department earned revenue for a longer period of time.

8. The Short Term Hog Loan Program was a late year decision. The revenue results from accrued interest earned on outstanding loans as at March 31, 1999.
9. The Agriculture Research and Technology Program did not anticipate the repayment of a \$1 million research contract in the 1998-99 fiscal year.
10. The Agricultural Credit Corporation of Saskatchewan (ACS) under legislation, must return to the Department any unused grant surplus. At the time of 1997-98 budget preparation, it was anticipated that all grant funding provided to ACS would be fully utilized. The 1997-98 surplus was recorded as revenue in 1998-99.

Expense

11. Postage, courier, freight and photography service costs were lower.
12. Funding allotted in the 1998-99 budget to support development of the agriculture industry was not fully utilized. The number of agricultural interest groups requesting and receiving support was lower than expected.
13. Fewer producers were subject to compensation as more land was purchased from lenders.
14. Expenditures were higher because of salary increases due to the new Collective Agreement, the implementation of the New Classification Plan and an increase in the Vacation and SDO Entitlement Liability.
15. When the department sells land for less than its original cost a loss is recorded. In 1998-99, the amount of Crown Land that was sold at lower than book value was less than budgeted.

Financial Schedules - Notes (continued)

16. A new method of estimating uncollectible receivables was implemented in the 1998-99 fiscal year which resulted in the allowance for uncollectible accounts receivable being adjusted down by \$3.5 million.
17. The Conservation and Development Revolving Fund (Community Pastures Program) cash expenditures exceeded cash revenues, resulting in net financing as required by law. Capital expenditures were necessary to bring equipment and facilities up to Occupational Health and Safety Standards and to improve operations of the Pastures. Also, revenue was below budget as drought conditions in some pastures resulted in fewer cattle grazed.
18. Expenditures were higher because of salary increases due to the new Collective Agreement, the implementation of the New Classification Plan and upgrades to the Veterinary Laboratory Incinerator.
19. The Short-Term Hog Loan Program was a new initiative late in the year and therefore was not included in the budget.
20. The Livestock Services Revolving Fund cash expenditures exceeded cash revenues resulting in net financing as required by law. This was due to a reduction in the number of cattle inspected, and salary increases due to the new Collective Agreement and the implementation of the New Classification Plan.
21. Expenditures were higher because of salary increases due to the new Collective Agreement, the implementation of the New Classification Plan and an increase in the Vacation and SDO Entitlement Liability.
22. Expenditures were higher because of salary increases due to the new Collective Agreement, the implementation of the New Classification Plan and an increase in the Vacation and SDO Entitlement Liability. Also, SAFnet intranet development costs were higher than anticipated.
23. Expenditures were higher because of salary increases due to the new Collective Agreement, the implementation of the New Classification Plan and an increase in the Vacation and SDO Entitlement Liability. There was also an increase in the need to use part-time staff to review research applications.
24. The number of projects approved for funding was fewer than anticipated.
25. The number of projects approved for funding was greater than anticipated.
26. Savings resulted from vacant positions during the year.
27. Savings resulted from vacant positions during the year.
28. Expenditures were higher because of salary increases due to the new Collective Agreement, the implementation of the New Classification Plan and an increase in the Vacation and SDO Entitlement Liability. Also, travel and per diem rates increased in accordance with the new Collective Agreement.
29. Costs for developing a Pork Industry Communication Strategy and investment feasibility studies were new initiatives that were not budgeted. Also, an increase in Vacation and SDO Entitlement Liability contributed to the over expenditure.
30. Expenditures were higher because of salary increases due to the new Collective Agreement, the implementation of the New Classification Plan and an increase in the Vacation and SDO Entitlement Liability.
31. The Department did not fully fund AFEF's investment loss provision in 1997-98 due to the timing of the investment analysis. Therefore the 1998-99 grant included provision for 1997-98 and 1998-99.
32. Employee resignations were greater than expected during the third year of the wind-up of ACS.
33. The interest rate used during the 1998-99 budget development was lower than the actual interest rate, resulting in a lower interest subsidy. This subsidy covers the spread between interest ACS pays on its debt and interest ACS earns on its cash and loan investments.
34. Efforts were focused on collection activities which resulted in significant loan settlement recoveries and reduced need for loan loss funding.

Financial Schedules - Notes (continued)

35. Claim related administration costs were lower due to a better than average crop year, which resulted in the filing of less claims than an average year.
36. Producers insured fewer acres than expected, resulting in lower provincial crop premium contributions.
37. Reduced participation by producers resulted in lower provincial premium contributions.
38. Federal contributions were paid directly to the Waterfowl Damage Compensation Program, reducing the need for Provincial advances. See related Revenue Note 4.
39. The Provincial contribution to the Big Game Damage Compensation Program is based on 50% of the average claims paid out under the program over the previous five-year period.
40. The Saskatchewan Crop Insurance Corporation (SCIC) was able to build its reserves because the number of crop insurance claims was relatively low. Therefore, SCIC did not require any long term or short term financing.
41. The Agricultural Income Disaster Assistance (AIDA) program was a late year initiative, and therefore was not included in the budget.
42. Since Revolving Funds are given statutory authority to spend within certain limits, the actual net financing requirements (or recovery) do not come out of the Department's base budget. Instead, the Department's base budget is adjusted for the actual net financing required (or recovered).
43. Special Warrants increase the Province's overall budget and are disclosed in the Public Accounts as an increase in the appropriations. Special Warrants may only be issued when the Legislature is not in session. In 1998-99 the Department received Special Warrants for AIDA funding (\$140 million) and to establish the Short-Term Hog Loan Program (\$1 thousand).

FTE

44. The variance was a result of vacant staff positions throughout the year.

Saskatchewan Legislation Administered by Saskatchewan Agriculture and Food 1998-99

- The Agricultural Credit Corporation of Saskatchewan Act*
The Agricultural Development and Adjustment Act
The Agricultural Operations Act
The Agricultural Safety Net Act
The Agriculture Development Fund Act
The Agricultural Societies Act
The Agri-Food Act
The Agri-Food Innovation Act
The Agrologists Act, 1994
The Animal Identification Act
The Animal Products Act
The Animal Protection Act
The Apriaries Act
- The Cattle Marketing Deductions Act, 1998*
The Crop Insurance Act
The Crop Payments Act
- The Department of Agriculture Act*
The Diseases of Animals Act
The Drainage Act
- The Expropriation (Rehabilitation Projects) Act*
The Expropriation Act
- The Farmers' Counselling and Assistance Act*
The Farm Financial Stability Act
The Farming Communities Land Act
- The Grain Charges Limitation Act*
The Grain and Fodder Conservation Act
- The Horned Cattle Purchases Act*
The Horticultural Societies Act
- The Land Bank Repeal and Temporary Provisions Act*
The Leafcutting Beekeepers Registration Act
The Line Fence Act
The Livestock Facilities Tax Credit Act
The Livestock Investment Tax Credit Act
- The Milk Control Act, 1992*
- The Noxious Weeds Act, 1984*
- The On-farm Quality Assurance Programs Act*
- The Pastures Act*
The Pest Control Act
The Pest Control Products (Saskatchewan) Act
The Pollution (By Livestock) Control Act, 1984
The Prairie Agricultural Machinery Institute Act, 1999
The Provincial Lands Act ()*
- The Sale or Lease of Certain Lands Act (*)*
The Saskatchewan 4-H Foundation Act
The Saskatchewan Farm Security Act ()*
The Seed Grain Advances Act
The Soil Drifting Control Act
The Stray Animals Act
- The Vegetable, Fruit and Honey Sales Act*
The Veterinarians Act, 1987
The Veterinary Services Act

(*) Joint responsibility

Appendix A

Special Purpose Funds and Agencies with Legislative Responsibility to Saskatchewan Agriculture and Food as of March 31, 1999

Special Purpose Funds

	Year End
Agri-Food Equity Fund ¹	March 31
Cattle Marketing Deductions Fund	March 31
Conservation and Development Fund	March 31
Horned Cattle Fund	March 31
Livestock Services Revolving Fund	March 31
Saskatchewan Agricultural Stabilization Fund	March 31

Agencies (Annual Reports are published separately)

Agricultural Credit Corporation of Saskatchewan	March 31
Agricultural and Food Products Development and Marketing Council	December 31
Agri-Food Innovation Fund	March 31
Beef Development Board	March 31
Milk Control Board	December 31
Prairie Agricultural Machinery Institute	March 31
Saskatchewan Crop Insurance Corporation	March 31
Crop Reinsurance Fund of Saskatchewan	March 31

Agencies under the Agricultural and Food Products Development and Marketing Council

Saskatchewan Alfalfa Seed Producers' Development Commission
Saskatchewan Broiler Hatching Egg Producers' Marketing Board
Saskatchewan Canola Development Commission
Canodev Research Inc.
Chicken Farmers of Saskatchewan
Saskatchewan Commercial Egg Producers' Marketing Board
Saskatchewan Flax Development Commission
Saskatchewan Pulse Crop Development Board
Saskatchewan Sheep Development Board
Saskatchewan Turkey Producers' Marketing Board
SaskPork

¹ Audited financial statements will be tabled separately in the Legislature, as the audits of these funds were not completed in time for the printing of this report.

Cattle Marketing Deductions Fund

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Cattle Marketing Deductions Fund as at March 31, 1999 and the statements of revenue, expenditure and net assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.



Regina, Saskatchewan
September 8, 1999

Wayne Strelioff, CA
Provincial Auditor

Cattle Marketing Deductions Fund

Statement 1

Statement of Financial Position As at March 31

<u>Provincial Account</u>	<u>National Account</u>	<u>Total</u>
<u>1999</u>	<u>1998</u>	<u>1999</u>

Assets

Current Assets:

Due from General Revenue

Fund (Note 3)	\$ 1,185,199	\$ 1,248,532	\$ 1,107,629	\$ ---	\$ 2,292,828	\$ 1,248,532
Accounts receivable	347,255	163,987	---	---	347,255	163,987
Accrued interest receivable	28,190	15,236	---	---	28,190	15,236
	<u>\$ 1,560,644</u>	<u>\$ 1,427,755</u>	<u>\$ 1,107,629</u>	<u>\$ ---</u>	<u>\$ 2,668,273</u>	<u>\$ 1,427,755</u>

Liabilities and Net Assets

Current Liabilities:

Accounts payable	\$ 20,963	\$ 41,560	\$ ---	\$ ---	\$ 20,963	\$ 41,560
Net assets (Statement 2)	<u>1,539,681</u>	<u>1,386,195</u>	<u>1,107,629</u>	<u>---</u>	<u>2,647,310</u>	<u>1,386,195</u>
	<u>\$ 1,560,644</u>	<u>\$ 1,427,755</u>	<u>\$ 1,107,629</u>	<u>\$ ---</u>	<u>\$ 2,668,273</u>	<u>\$ 1,427,755</u>

(See accompanying notes to the financial statements)

Cattle Marketing Deductions Fund

Statement 2

Statement of Revenue, Expenditure and Net Assets Year Ended March 31

	<u>Budget</u> <u>1999</u>	<u>Provincial Account</u>		<u>National Account</u>		<u>Total</u>		
		<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>	<u>Actual</u> <u>1999</u>	<u>Actual</u> <u>1998</u>	
Revenue								
Deductions under sections 3 and 4 of <i>The Cattle Marketing Deductions Act</i> and Regulations								
	\$ 1,300,000	\$ 1,413,521	\$ 1,499,134	\$ 1,107,629	\$ ---	\$ 2,521,150	\$ 1,499,134	
Less commissions	<u>50,000</u>	<u>41,343</u>	<u>43,663</u>	---	---	<u>41,343</u>	<u>43,663</u>	
Net deductions	<u>1,250,000</u>	<u>1,372,178</u>	<u>1,455,471</u>	<u>1,107,629</u>	---	<u>2,479,807</u>	<u>1,455,471</u>	
Interest (Note 3)	43,000	83,580	42,025	---	---	83,580	42,025	
Miscellaneous revenue	---	---	<u>12,161</u>	---	---	---	<u>12,161</u>	
Total revenue	<u>1,293,000</u>	<u>1,455,758</u>	<u>1,509,657</u>	<u>1,107,629</u>	---	<u>2,563,387</u>	<u>1,509,657</u>	
Expenditure								
Grants (Schedule 1) (Note 3)	1,100,000	1,201,831	1,223,193	---	---	1,201,831	1,223,193	
Refund of deductions	60,000	81,168	70,975	---	---	81,168	70,975	
Administration (Note 3)	16,000	15,321	15,000	---	---	15,321	15,000	
Advisory Committee and other expenses	<u>2,500</u>	<u>3,952</u>	<u>2,061</u>	---	---	<u>3,952</u>	<u>2,061</u>	
Total expenditure	<u>1,178,500</u>	<u>1,302,272</u>	<u>1,311,229</u>	---	---	<u>1,302,272</u>	<u>1,311,229</u>	
Surplus for the year	<u>\$ 114,500</u>	<u>153,486</u>	<u>198,428</u>	<u>1,107,629</u>	---	<u>1,261,115</u>	<u>198,428</u>	
Net assets, beginning of year		<u>1,386,195</u>	<u>1,187,767</u>	---	---	<u>1,386,195</u>	<u>1,187,767</u>	
Net assets, end of year - to Statement 1		<u>\$ 1,539,681</u>	<u>\$ 1,386,195</u>	<u>\$ 1,107,629</u>	<u>\$ ---</u>	<u>\$ 2,647,310</u>	<u>\$ 1,386,195</u>	

(See accompanying notes to the financial statements)

Cattle Marketing Deductions Fund

Statement 3

Statement of Cash Flows Year Ended March 31

	<u>1999</u>	<u>1998</u>
Operating Activities:		
Surplus for the year	<u>\$ 1,261,115</u>	<u>\$ 198,428</u>
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	(183,268)	31,758
(Increase) in accrued interest receivable	(12,954)	(8,022)
(Decrease) in accounts payable	(20,597)	(16,308)
	<u>(216,819)</u>	<u>7,428</u>
Increase in cash position during the year	1,044,296	205,856
Due from General Revenue Fund, beginning of year	<u>1,248,532</u>	<u>1,042,676</u>
Due from General Revenue Fund, end of year	<u>\$ 2,292,828</u>	<u>\$ 1,248,532</u>

(See accompanying notes to the financial statements)

Cattle Marketing Deductions Fund

Notes to the Financial Statements

March 31, 1999

1. Legislative Authority

The Cattle Marketing Deductions Fund (Fund) was established under *The Cattle Marketing Deductions Act* and continues under *The Cattle Marketing Deductions Act, 1998* (Act). The Act established two accounts, the Provincial Account and the National Account. The Fund's existing assets were transferred to the Provincial Account established by the Act. The Provincial Account's purpose is to develop, improve and promote the cattle industry.

The Act also established the National Account to support a promotion-research agency to be established pursuant to the *Farm Products Agencies Act* (Canada). Currently the Department is negotiating with the federal government and other provinces to establish this promotion research agency.

Dealers deduct \$2.00 per head from the purchase price for cattle purchased. The National Account receives \$1.00 a head and the Provincial Account receives \$1.00 a head less the dealer's commission of \$0.03 per head.

Section 12 of the Act provides for the refund of deductions apportioned to the Provincial Account. Any person may claim a refund of deductions for a calendar year by filing a claim by January 31 of the following year.

2. Significant Accounting Principles

The financial statements are prepared in accordance with generally accepted accounting principles. The following accounting principles are considered significant.

a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

b) Grants

Grants are recorded as expenditures when approved and the eligibility criteria, if any, have been met by the recipient.

c) Financial Instruments

Due from General Revenue Fund, accounts receivable and accounts payable are due or payable within the next year. Due to this short-term maturity, the carrying values of these financial instruments approximate their fair value.

3. Related Party Transactions

Included in these financial statements are the following transactions with Saskatchewan agencies related to the

Fund by virtue of common control or significant influence by the Government of Saskatchewan.

The Fund's money is held in the General Revenue Fund. Interest is calculated on the Fund's daily balance using the Government's thirty-day borrowing rate and is credited to the Provincial Account on a quarterly basis. The Government's average thirty-day borrowing rate for 1998-99 was 5.04% (1997-98 - 3.77%).

The Fund paid grants to the University of Saskatchewan as noted on Schedule 1. Also, the Fund paid \$15,000 to the Livestock Services Revolving Fund for administrative expenses.

4. Commitments

At year end, the Committee had approved grants for payment in 1999/2000 of \$831,584, in 2000/2001 of \$85,000 and in 2001/2002 of \$60,000.

As well, the Fund is committed to pay the moneys collected for the National Account to a promotion research agency when it is established under the agreement.

5. 1998/99 Budget

The Advisory Committee approved the 1998/99 budget on January 23, 1998.

6. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000. If not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of third parties, will be fully resolved.

7. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

Cattle Marketing Deductions Fund

Schedule 1

Expenses by Object

Year Ended March 31

	<u>1999</u>	<u>1998</u>
<u>Personal Services</u>		
Payees under \$2,500	<u>\$ 1,675</u>	<u>\$ 815</u>
Other	<u>2,138</u>	<u>1,246</u>
<u>Grants</u>		
Canadian Cattlemen's Association:		
National Beef Information Centre	600,000	750,000
Operating Expenses	181,831	175,843
University of Saskatchewan:		
Animal and Poultry Science	---	21,750
Veterinary Infectious Disease Organization	85,000	75,000
Dairy Cattle Feeding Project	60,000	60,000
Western Beef Development Centre	25,000	---
Canada Beef Export Federation	100,000	100,000
Saskatchewan Beef Information Centre	35,000	30,000
Foundation for Animal Care	5,000	5,000
Saskatchewan Cattle Feeders' Association	2,500	2,500
Saskatchewan Stock Growers' Association	107,500	2,500
Saskatchewan Agricultural Hall of Fame	---	600
	<u>1,201,831</u>	<u>1,223,193</u>
<u>Supplier Payments</u>		
Payees under \$20,000	<u>96,628</u>	<u>85,975</u>
Total	<u><u>\$ 1,302,272</u></u>	<u><u>\$ 1,311,229</u></u>

(See accompanying notes to the financial statements)

Conservation and Development Revolving Fund

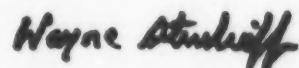
AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Conservation and Development Revolving Fund as at March 31, 1999 and the statements of operations and accumulated operating (deficit) surplus, and changes in accumulated net expenditure for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.



Regina, Saskatchewan
August 4, 1999

Wayne Strelloff, CA
Provincial Auditor

Conservation and Development Revolving Fund

Statement 1

Balance Sheet As at March 31

	<u>1999</u>	<u>1998</u>
Assets		
Current assets:		
Accounts receivable	\$ 277,471	\$ 154,116
Inventory	<u>366,483</u>	<u>405,818</u>
	643,954	559,934
Capital assets (Note 5)	<u>2,137,358</u>	<u>1,816,909</u>
	<u><u>\$ 2,781,312</u></u>	<u><u>\$ 2,376,843</u></u>
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$ 247,651	\$ 300,461
Unearned revenue	<u>28,494</u>	<u>7,379</u>
	276,145	307,840
Non-current liabilities:		
Accumulated net expenditure (Statement 3)	<u>2,864,332</u>	<u>1,811,597</u>
Equity:		
Accumulated operating (deficit) surplus (Statement 2)	<u>(359,165)</u>	<u>257,406</u>
	<u><u>\$ 2,781,312</u></u>	<u><u>\$ 2,376,843</u></u>

(See accompanying notes to the financial statements)

Conservation and Development Revolving Fund

Statement 2

Statement of Operations and Accumulated Operating (Deficit) Surplus For the Year Ended March 31

	Budget 1999	Actual 1999	Actual 1998
Revenues			
Grazing	\$ 4,900,000	\$ 4,570,763	\$ 4,660,898
Bull wintering	325,000	310,419	278,338
Cow wintering	170,000	238,821	142,206
Backgrounding	80,000	76,328	31,438
House rent	60,000	62,357	61,203
Well site and roadway easements	40,000	55,761	53,044
Seismic easement	75,000	30,722	159,005
Hay	30,000	18,730	16,245
Breeding	—	560	17,283
Other	—	22,550	100,450
	5,680,000	5,387,011	5,520,110
Expenses			
Salaries	2,628,530	2,593,266	2,352,457
Taxes	800,000	812,486	783,270
Repairs and improvements	683,000	719,128	1,193,924
Seed and forage	200,000	436,716	182,047
Rental of equipment, horses and other	310,205	322,904	319,469
Travel	300,900	308,507	338,596
Amortization	120,000	218,853	157,270
Small tools, equipment and supplies	216,430	198,986	241,232
Veterinary fees and supplies	96,517	111,627	92,904
Utilities	118,000	105,638	124,497
Telephone	80,000	104,782	102,805
Bad debt expense	---	14,158	6,804
Loss on disposal of capital assets	---	10,858	---
Freight and postage	15,000	8,193	14,481
Advertising and printing	10,500	7,896	11,364
Decline in value of bulls not sold	—	1,000	—
Other	69,800	28,584	41,584
	5,648,882	6,003,582	5,962,704
Net income (loss) (Note 8)	31,118	(616,571)	(442,594)
Accumulated operating surplus, beginning of year	257,406	257,406	750,734
Transfer to General Revenue Fund (Note 4)	---	---	(50,734)
Accumulated operating (deficit) surplus, end of year – to Statement 1	\$ 288,524	\$ (359,165)	\$ 257,406

(See accompanying notes to the financial statements)

Conservation and Development Revolving Fund

Statement 3

Statement of Changes in Accumulated Net Expenditures For the Year Ended March 31

	<u>1999</u>	<u>1998</u>
Financing required for (provided by) operating activities:		
Net loss	\$ 616,571	\$ 442,594
Items not affecting working capital:		
Amortization	(218,853)	(157,270)
Bad debt expense	(14,158)	(6,804)
Decline in value of bulls not sold	(1,000)	---
Loss on disposal of capital assets	(10,858)	---
Net increase in working capital items related to operations (Note 12)	<u>218,253</u>	<u>302,202</u>
	<u>589,955</u>	<u>580,722</u>
Financing required for (provided by) investing activities:		
Purchase of capital assets	478,951	844,392
Proceeds from sale of capital assets	<u>(16,171)</u>	---
	<u>462,780</u>	<u>844,392</u>
Financing activities:		
Payment to General Revenue Fund	---	<u>50,734</u>
Net increase in financing requirements	1,052,735	1,475,848
Accumulated net expenditure, beginning of year	<u>1,811,597</u>	<u>335,749</u>
Accumulated net expenditure, end of year - to Statement 1	<u>\$ 2,864,332</u>	<u>\$ 1,811,597</u>

(See accompanying notes to the financial statements)

Conservations and Development Revolving Fund

Notes and Financial Statements

March 31, 1999

1. Authority and Definition

The Conservation and Development Revolving Fund was established pursuant to Section 16 of *The Department of Agriculture Act*. In 1994-95, the Revolving Fund was reactivated to facilitate the management and administration of the Community Pasture Program previously operated by the Department of Agriculture and Food.

2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Expenditure and Note 12. The following policies are considered significant:

a) Net Expenditure (Recovery)

The net expenditure (recovery) is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements resulting from net capital acquisitions, working capital changes, and net cash flows from operations.

b) Accumulated Net Expenditure (Recovery)

The accumulated net expenditure (recovery) of the Revolving Fund includes the following:

- i) the net expenditure (recovery) for each fiscal year; and
- ii) the book value of assets acquired at no charge from another government agency.

c) Inventory

Inventory is valued at the lower of cost and net realizable value. Inventory consists of livestock, repair parts, livestock feed, minerals and fencing supplies.

d) Capital Assets and Amortization

Capital assets are recorded at cost net of accumulated amortization. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the statement of operations and accumulated operating surplus.

Amortization of all capital assets is charged to operations using the straight-line method at the following rates:

Fencing and corrals	10%
Water sites	5%
Buildings	5%
Equipment	10%
Office equipment	25%
Land improvements	10%

Assets acquired or disposed of by the Revolving Fund during the year are amortized at 50% of the above rates for the year of acquisition and disposal.

e) Unearned Revenue

Unearned revenue consists of grazing revenue that will be earned in future periods. These amounts are included in income when the revenue is earned.

3. Authorized Financing

Subsection 16(11) of *The Department of Agriculture Act* provides for a maximum accumulated net expenditure which may at any time be outstanding to be set by Order of the Lieutenant Governor in Council. Order in Council 1859/83 established a maximum accumulated net expenditure of \$10,000,000.

4. Disposition of Accumulated Operating Surplus (Deficit)

In accordance with subsection 16(5) of *The Department of Agriculture Act*, the Minister shall pay to the General Revenue Fund all or any part of any surplus in the Revolving Fund that Treasury Board may direct. Treasury Board has specified that the maximum accumulated operating surplus (deficit) for the Revolving Fund shall be \$700,000. Treasury Board has also specified that if at the end of the fiscal year the accumulated operating surplus (deficit) exceeds the maximum, then the surplus (deficit) in excess of the maximum shall, as soon as possible after the close of the fiscal year, be paid to (from) the General Revenue Fund.

However, if any deficit is in fact a subsidy and not a deficit due to business fluctuations, it is recovered from the Department's appropriation in the same year. The Department budgets for a subsidy to the Revolving Fund in the same year that the deficit is expected to occur.

5. Capital Assets

		1999		1998
		Accumulated Cost	Net Book Value	Net Book Value
Fencing and corrals	\$ 602,985	\$ 136,657	\$ 466,328	\$ 439,761
Water sites	321,980	38,401	283,579	329,443
Equipment	1,294,644	284,015	1,010,629	784,130
Buildings	296,430	34,660	261,770	229,796
Office equipment	89,886	11,229	78,657	33,779
Land improvements	38,311	1,916	36,395	==
Total	<u>\$ 2,644,236</u>	<u>\$ 506,878</u>	<u>\$ 2,137,358</u>	<u>\$ 1,816,909</u>

6. Budget

Treasury Board approves the Revolving Fund's budget annually.

7. Related Party Transactions

Included in these financial statements are the following transactions with Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Revolving Fund by virtue of common control or significant influence by the Government of Saskatchewan.

The Revolving Fund purchased utility and communication services of \$237,806 (1998 - \$209,057) from SaskPower, SaskEnergy and SaskTel and purchased vehicle rentals, insurance and supplies of \$136,985 (1998 - \$234,710) from Saskatchewan Property Management Corporation and Saskatchewan Government Insurance. These transactions are in the normal course of operations and are recorded at the standard rates charged by these corporations.

The Revolving Fund paid employee benefits of \$138,552 (1998 - \$120,721) to Public Service Superannuation Fund, Public Employees Pension Plan, Public Employees Disability Income Fund and Public Employees Group Life Insurance Fund.

The Revolving Fund receives use of Crown land, office space and administrative services from the Department without charge. In addition, the Revolving Fund pays Education and Health Tax to the Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

As at March 31, 1999, \$27,046 (1998 - \$26,916) was due to Government agencies as a result of the transactions referred to above.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

8. Amount Reported in Public Accounts

The net (expenditure) recovery of the Revolving Fund reported in the Public Accounts is the net (loss) income of the Revolving Fund adjusted for the following differences between the Revolving Fund and the General Revenue Fund:

	1999	1998
Net (loss)	\$ (616,571)	\$ (442,594)
Payment to General Revenue Fund	—	(50,734)
Decrease (increase) in inventory balance recorded by the Revolving Fund	39,335	(157,241)
(Increase) in net capital assets recorded by the Revolving Fund	(320,449)	(687,122)
Livestock sales recorded by General Revenue Fund	—	14,953
Timing differences in recording revenue/payments	(112,508)	63,582
Net (expenditure) reported in the Public Accounts	<u>\$ (1,010,193)</u>	<u>\$ (1,259,156)</u>

9. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that affect the amount, timing and certainty of future cash flows.

b) Credit risk

The Revolving Fund is exposed to credit risk from potential non-payment of accounts receivable. The total of the receivables are \$325,165 at March 31, 1999 with an allowance for doubtful accounts of \$47,694. Some of the receivables were received shortly after year end reducing the credit risk.

c) Receivables/Payables

These financial instruments are non-interest-bearing and are due or payable within one year. Due to this short-term maturity, the carrying value of these financial instruments approximates their fair value.

d) Accumulated net expenditure

The fair value of the accumulated net expenditure has been omitted because it is not practicable to determine the fair value with sufficient reliability.

10. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

11. Uncertainty due to the Year 2000 Issue

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000. If not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

12. Net Change in Working Capital Items Related to Operations

	<u>1999</u>	<u>1998</u>
Working capital changes:		
Increase in accounts receivable	\$ 137,513	\$ 99,734
(Decrease) increase in inventory	(38,335)	157,241
Decrease in accounts payable	140,190	42,979
(Increase) decrease in unearned revenue	(21,115)	2,248
	<u>\$ 218,253</u>	<u>\$ 302,202</u>

Horned Cattle Fund

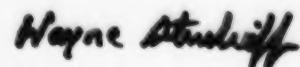
AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Horned Cattle Fund as at March 31, 1999 and the statements of revenue, expenditures and net assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Horned Cattle Fund as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.



Regina, Saskatchewan
September 8, 1999

Wayne Strelloff, CA
Provincial Auditor

Horned Cattle Fund

Statement 1

Statement of Financial Position As at March 31

	<u>1999</u>	<u>1998</u>
Assets		
Current Assets:		
Due from General Revenue Fund (Note 4)	\$ 122,170	\$ 153,868
Accounts receivable	123,900	112,286
Accrued interest receivable	<u>1,877</u>	<u>1,783</u>
	<u><u>\$ 247,947</u></u>	<u><u>\$ 267,937</u></u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 19,016	\$ 10,117
Net assets (Statement 2)	<u>228,931</u>	<u>257,820</u>
	<u><u>\$ 247,947</u></u>	<u><u>\$ 267,937</u></u>

(See accompanying notes to the financial statements)

Horned Cattle Fund

Statement 2

Statement of Revenue, Expenditures and Net Income Year Ended March 31

	Budget 1999 (Note 8)	Actual 1999	Actual 1998
Revenue			
Deductions under Section 3 and 4 of The Horned Cattle Purchases Act	\$ 193,000	\$ 170,991	\$ 201,485
Less commissions	(3,000)	(2,794)	(3,385)
Net deductions (Note 3)	190,000	168,197	198,100
Cattle Sales			
Swift Current Forage Project	100,000	136,131	139,059
Western Beef Development Centre	200,000	118,299	370,186
Interest (Note 4)	13,000	8,678	6,103
Miscellaneous revenue	---	6,103	935
Total revenue	503,000	437,408	714,383
Expenditures			
Grants	160,000	195,625	129,500
Operating costs (Note 7)			
Pathlow Beef Research	---	---	95,981
Swift Current Forage Project	100,000	123,410	135,162
Western Beef Development Centre	200,000	129,790	370,187
Administration charge (Note 4)	15,500	15,000	15,000
Advisory Committee expenses	2,500	2,472	2,642
Total expenditures (Schedule 1)	478,000	466,297	748,472
Surplus (deficit) for the year	\$ 25,000	(28,889)	(34,089)
Net assets, beginning of year		257,820	291,909
Net assets, end of year - to Statement 1		\$ 228,931	\$ 257,820

(See accompanying notes to the financial statements)

Horned Cattle Fund

Statement 3

Statement of Cash Flows Year Ended March 31

	1999	1998
Operating Activities:		
Surplus (deficit) for the year	\$ (28,889)	\$ (34,089)
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	(11,614)	(10,517)
(Increase) decrease in accrued interest receivable	(94)	1,141
Increase (decrease) in accounts payable	8,899	(26,490)
	(2,809)	(35,866)
Increase (decrease) in cash position during the year	(31,698)	(69,955)
Due from General Revenue Fund, beginning of year	153,868	223,823
Due from General Revenue Fund, end of year	<u>\$ 122,170</u>	<u>\$ 153,868</u>

(See accompanying notes to the financial statements)

Horned Cattle Fund
Notes to the Financial Statements
March 31, 1999

1. Legislative Authority

The Horned Cattle Fund is continued under *The Horned Cattle Purchases Act*. The purpose of the Fund is to promote research and development in the livestock industry. The Fund is administered by an Advisory Committee established under the Act. The Committee authorizes all expenditures from the Fund subject to the approval of the Minister of Agriculture and Food.

2. Significant Accounting Policies

These financial statements are prepared in accordance with generally accepted accounting principles. The following accounting principles are considered significant:

a) Accrual Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

b) Grants

Grants are recorded as expenditures when approved and the eligibility criteria, if any, have been met by the recipient.

c) Cattle

Cattle purchases are made for the purpose of research and development to improve the livestock industry. Cattle are recorded as expenditures when purchased. The estimated realizable value of the cattle herd at year end is \$427,242 (1998 - \$400,301).

d) Financial Instruments

Accounts receivable and accounts payable are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, their carrying value approximates their fair value.

3. Deductions

Dealers purchase cattle with horns at market prices. Section 3 of *The Horned Cattle Purchases Act* requires the dealers pay the vendors market price less \$2.00 for each head of cattle sold with horns. Subsection 5(1) of *The Horned Cattle Purchases Regula-*

tions, 1983 requires dealers submit \$2.00 for each head of cattle less a \$0.03 per head commission to the Fund.

4. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control or significant influence by the Government of Saskatchewan.

The Fund's money is held in the General Revenue Fund. Interest is calculated on the Fund's daily balance using the Government's thirty-day borrowing rate and is credited to the Fund on a quarterly basis. The Government's average thirty-day borrowing rate for 1998-99 was 5.04% (1997-98 - 3.77%).

The Fund paid grants to the University of Saskatchewan as noted on Schedule 1. Also, the Fund paid \$15,000 to the Livestock Services Revolving Fund for administrative expenses.

5. Projects

The Pathlow Project is an agreement between the Ministers of Agriculture of Canada and Saskatchewan, which expired on May 31, 1997. Under this agreement, Agriculture and Agri-Food Canada (AAFC) operated a beef cow-calf management operation at the Melfort Research Station. Upon termination of the project, all assets became the property of the Horned Cattle Fund.

The Swift Current Project is an agreement with AAFC, effective from November 1, 1998 to October 31, 2003. Under this agreement, AAFC carries out beef forage research for the Fund on cattle at the Swift Current Research Station. Upon termination of the contract, \$30,000 will be returned to the Advisory Committee by the Research Station and the remaining assets will revert to AAFC.

The Minister of Agriculture and Food entered into an agreement with the Western Beef Development Centre (WBDC) on December 1, 1996 effective to November 30, 2001. The agreement provides the Fund will loan cattle that were previously at the Pathlow Project to WBDC for research purposes. At the conclusion of the agreement, all funds remaining in the account are to be returned to the Fund.

6. Commitments

At year end, the Fund had approved grants for payment in 1999/2000 of \$121,000 and in 2000/2001 of \$30,000.

7. Research Project Expenditures by Activity

	Pathlow Research Project		Swift Current Project		Western Beef Development Centre	
	1999	1998	1999	1998	1999	1998
Trucking and Travel	\$ ---	\$ 5,239	\$ ---	\$ ---	\$ 6,674	\$ 9,383
Corral Cleaning	---	14,030	---	---	---	---
Feed Supplements	---	161	---	---	20,193	85,326
Chemicals & Seed	---	---	---	---	---	---
Veterinary Services	---	5,898	4,456	5,525	4,750	5,201
Research Project	---	---	---	---	8,846	174,355
Fertilizer	---	---	---	---	---	---
Salaries	---	19,956	29,681	26,523	38,510	32,874
Purchases of Cattle	---	—	74,790	84,020	50,817	63,04
Administration	---	2,423	13,613	16,301	---	---
Miscellaneous	---	8,578	870	2,793	---	---
Severance and Career Assistance	---	39,696	---	---	---	---
	\$ ---	\$ 95,981	\$ 123,410	\$ 135,162	\$ 129,790	\$ 370,187

8. 1998/99 Budget

The Advisory Committee approved the 1998/99 budget on January 22, 1998.

9. Uncertainty Due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000. If not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of third parties, will be fully resolved.

Horned Cattle Fund

Schedule 1

Detailed List of Expenses For the Year Ended March 31

	<u>1999</u>	<u>1998</u>
Personal Services:		
C. Guenther	\$ 3,788	\$ ---
K. Letkeman	26,573	21,849
T. Olson	---	3,610
Unionized staff	37,830	39,696
Board member costs	<u>1,080</u>	<u>2,210</u>
	<u>69,271</u>	<u>67,365</u>
Travel:		
Other	<u>1,392</u>	<u>1,396</u>
Grants:		
University of Saskatchewan:		
3 Home Study Course	2,000	---
Western College of Veterinary Medicine	48,925	31,500
Veterinary Infectious Disease Organization	40,000	35,000
Centre for Agricultural Medicine	---	8,000
Canadian Western Agribition Association	10,000	---
Prairie Diagnostic Services Inc.	33,600	---
Canada Beef Export Federation	50,000	50,000
Foundation for Animal Care	5,000	5,000
Saskatchewan Livestock Association	<u>6,100</u>	---
	<u>195,625</u>	<u>129,500</u>
Supplier Payments:		
Cowtown Livestock	52,440	---
Heartland Livestock Services	50,912	137,35
Payees under \$20,000	<u>96,657</u>	<u>412,855</u>
	<u>200,009</u>	<u>550,211</u>
	<u>\$ 466,297</u>	<u>\$ 748,472</u>

Livestock Services Revolving Fund

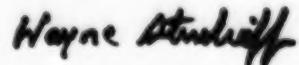
AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Livestock Services Revolving Fund as at March 31, 1999 and the statements of operations and accumulated operating surplus, and changes in accumulated net recovery for the year then ended. The Revolving Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Revolving Fund as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.



Regina, Saskatchewan
July 27, 1999

Wayne Strelloff, CA
Provincial Auditor

Livestock Services Revolving Fund

Statement 1

Balance Sheet As at March 31

	<u>1999</u>	<u>1998</u>
Assets		
Current:		
Accounts receivable and prepaid expenses	\$ 266,817	\$ 251,657
Inventory	31,360	40,281
Accumulated net recovery (Statement 3)	<u>97,957</u>	<u>519,741</u>
	396,134	811,679
Capital assets (Note 5)	<u>81,998</u>	<u>97,959</u>
	<u><u>\$ 478,132</u></u>	<u><u>\$ 909,638</u></u>

Liabilities and Equity

Current liabilities:		
Accounts payable	\$ 145,864	\$ 165,586
Fund equity:		
Accumulated operating surplus (Statement 2)	<u>132,268</u>	<u>744,052</u>
	<u><u>\$ 478,132</u></u>	<u><u>\$ 909,638</u></u>

(See accompanying notes to the financial statements)

Livestock Services Revolving Fund

Statement 2

Statement of Operations and Accumulated Operating Surplus Year Ended March 31

	Budget 1999 (Note 7)	Actual 1999	Actual 1998
Revenue			
Livestock inspection fees	\$ 2,225,000	\$ 2,177,395	\$ 2,278,642
Less commissions	<u>63,000</u>	<u>41,980</u>	<u>44,124</u>
Net inspection fees	2,162,000	2,135,415	2,234,518
Registered livestock brands	119,000	167,513	172,550
Livestock dealer licences	37,500	41,600	38,600
Administration fees	---	30,000	30,000
Other revenue	<u>665</u>	<u>744</u>	<u>713</u>
	<u><u>2,319,165</u></u>	<u><u>2,375,272</u></u>	<u><u>2,476,381</u></u>
Expenses			
Salaries and benefits	1,718,450	1,889,316	1,676,924
Travel	211,170	291,354	218,236
Stationery & printed forms	81,853	82,025	93,958
Telephone	68,521	79,465	68,535
Advertising & printing	6,570	4,018	9,252
Training & general consulting	24,428	61,608	12,727
Uniforms and dry cleaning	9,755	9,665	11,261
Computer software and supplies	11,319	2,539	15,565
Supplies & repairs	12,542	5,902	20,656
Amortization	16,200	38,197	17,614
Rental of office space & equipment	7,285	62,701	5,311
Loss on disposal of capital assets	---	7,127	---
Other	<u>10,887</u>	<u>9,087</u>	<u>3,975</u>
	<u><u>2,178,980</u></u>	<u><u>2,543,004</u></u>	<u><u>2,154,014</u></u>
Net income (loss) from operations	<u><u>\$ 140,185</u></u>	<u><u>(167,732)</u></u>	<u><u>322,367</u></u>
Accumulated operating surplus, beginning of year		744,052	421,685
Transfer to General Revenue Fund (Note 4)		(244,052)	---
Accumulated operating surplus, end of year - to Statement 1		<u><u>\$ 332,268</u></u>	<u><u>\$ 744,052</u></u>

(See accompanying notes to the financial statements)

Livestock Services Revolving Fund

Statement 3

Statement of Changes in Accumulated Net Recovery Year Ended March 31

	<u>1999</u>	<u>1998</u>
Financing required for (provided by) operating activities:		
Net loss (income) from operations	167,732	(322,367)
Items not affecting working capital		
- amortization	(38,197)	(17,614)
- loss on disposal of capital assets	(7,127)	---
Net increase (decrease) in working capital items related to operations (Note 6)	<u>25,961</u>	<u>(31,799)</u>
	148,369	(371,780)
Financing required for investing activities:		
Purchase of capital assets	29,363	111,842
Financing activities:		
Payment to the General Revenue Fund	<u>244,052</u>	---
Net decrease (increase) in financing requirements	421,784	(259,938)
Accumulated net recovery, beginning of year	<u>(519,741)</u>	<u>(259,803)</u>
Accumulated net recovery, end of year - to Statement 1	<u><u>\$ (97,957)</u></u>	<u><u>\$ (519,741)</u></u>

(See accompanying notes to the financial statements)

Livestock Services Revolving Fund
Notes to the Financial Statements
March 31, 1999

1. Authority and Definition

The Livestock Services Revolving Fund was established on June 25, 1996 pursuant to Section 17.1 of *The Department of Agriculture Act*. The Revolving Fund's purpose is to operate the brand inspection program, the livestock inspection program, the livestock dealer licensing program and collection services for horned cattle and cattle marketing fees.

2. Significant Accounting Policies

The financial statements are prepared in accordance with generally accepted accounting principles. These financial statements do not present a cash flow statement because the required cash flow information is readily apparent from the Statement of Changes in Accumulated Net Recovery and Note 6. The following accounting principles are considered significant.

a) Net Expenditure (Recovery)

The net expenditure (recovery) is the cash flow from (to) the General Revenue Fund. It represents the total annual financing requirements from net capital acquisitions, working capital changes, and net cash flows from operations.

b) Accumulated Net Expenditure (Recovery)

The accumulated net expenditure (recovery) of the Fund includes the following:

- i) the net expenditure (recovery) for each fiscal year; and
- ii) the book value of assets acquired at no charge from another government agency.

c) Capital Assets and Amortization

Capital assets are recorded at cost net of accumulated amortization. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the statement of operations and accumulated operating surplus.

Amortization of capital assets is charged to operations using the straight line method at the following rates:

Computer equipment	33.3%
Office furniture	10%
Computer software	33.3%
Office equipment	20%

Assets acquired or disposed of by the Revolving Fund during the year are amortized at 50% of the above rates for the year of acquisition and disposal.

3. Authorized Financing

Subsection 17.1(12) of *The Department of Agriculture Act* provides for a maximum accumulated net expenditure which may at any time be outstanding to be set by Order of the Lieutenant Governor in Council. Order in Council 536/97 established the maximum accumulated net expenditure of the Revolving Fund at \$3,000,000.

4. Disposition of Accumulated Operating Surplus or Deficit

In accordance with subsection 17.1(6) of *The Department of Agriculture Act*, the Minister shall pay to the General Revenue Fund all or any part of any surplus in the Revolving Fund that Treasury Board may direct. Treasury Board has specified that the maximum accumulated operating surplus (deficit) for the Revolving Fund shall be \$500,000. Treasury Board has also specified that if at the end of the fiscal year, the accumulated surplus (deficit) exceeds the maximum, then the surplus (deficit) in excess of the maximum shall, as soon as possible after the close of the fiscal year, be paid to (from) the General Revenue Fund.

However, if any deficit is in fact a subsidy and not a deficit due to business fluctuations, it is recovered from the Department's appropriation in the same year. The Department budgets for a subsidy to the Revolving Fund in the same year that the deficit is expected to occur.

5. Capital Assets

	1999	1998	
	Accumulated Cost	Net Book Amortization	Book Value
Computer equipment	\$102,344	\$47,157	\$55,187
Office furniture	8,830	1,181	7,649
Computer software	8,636	3,490	5,146
Office equipment	16,775	2,760	14,015
	<u>\$136,585</u>	<u>\$54,588</u>	<u>\$81,997</u>
			<u>\$97,959</u>

6. Net Change in Working Capital Items Related to Operations

	1999	1998
Increase (decrease) in accounts receivable and prepaid expenses	\$ 15,160	\$(25,620)
(Decrease) increase in inventory	(8,921)	40,281
Decrease (increase) in accounts payable	19,722	(46,460)
	<u>\$ 25,961</u>	<u>\$(31,799)</u>

7. Budget

Treasury Board approves the Revolving Fund's budget annually.

8. Related Party Transactions

Included in these financial statements are the following transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Revolving Fund by virtue of common control or significant influence by the Government of Saskatchewan.

The following routine operating transactions with related parties include expenses settled at standard rates charged by related parties.

Financial statement category:	1999	1998
Revenues	\$ 30,000	\$ 30,000
Expenses	266,134	225,307
Accounts payable	28,346	19,002

The Revolving Fund received use of office space and administrative services from the Department without charge. In addition, the Revolving Fund pays Education and Health tax to the Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of these purchases.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and the notes thereto.

9. Amount Recorded in Public Accounts

The net recovery of the Revolving Fund reported in the Public Accounts is the net income (loss) of the Revolving Fund adjusted for the following differences in accounting policies between the Revolving Fund and the General Revenue Fund.

	1999	1998
Net income (loss) from operations	\$(167,732)	\$ 322,367
Payments to General Revenue Fund	(244,052)	---
Decrease (increase) in net capital assets	15,961	(94,228)
Decrease inventory balance recorded by Revolving Fund	8,921	---
Revenue adjustment recorded by General Revenue Fund	(78,676)	---
Timing differences in recording revenue/payments	---	162,487
Net recovery (expenditure) reported in the Public Accounts	<u>\$(465,579)</u>	<u>\$ 390,626</u>

10. Financial Instruments

a) Significant terms and conditions

There are no significant terms and conditions related to financial instruments classified as current assets or current liabilities that affect the amount, timing, and certainty of future cash flows.

b) Credit risk

The Revolving Fund is exposed to credit risk from potential non-payment of accounts receivable. Most of the receivables were received shortly after year end reducing the credit risk.

c) Fair Value

Accounts receivable and accounts payable are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the carrying value of these financial instruments approximates fair value.

The fair value of the accumulated net recovery has been omitted because it is not practicable to determine the fair value with sufficient reliability.

11. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000. If not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failures which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

Saskatchewan Agricultural Stabilization Fund



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Chartered Accountants

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AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of Saskatchewan Agricultural Stabilization Fund as at March 31, 1999 and the statement of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada

May 12, 1999

Saskatchewan Agricultural Stabilization Fund

Statement of Financial Position As at March 31

	Waterfowl Account		New Crop Insurance Account		Big Game Damage Account		Agricultural Income Disaster Assistance Account		Total
	1999	1998	1999	1998	1999	1998	1999	1998	
Assets									
Cash	\$ 28,542	\$ 5,005,175	\$ —	\$ —	\$ 242,092	\$ 3,828,692	\$ —	\$ —	\$ 270,634 \$ 8,833,867
Investments (note 5)	19,064,636	—	—	—	10,124,040	—	—	—	29,188,676 —
Due from Province of Saskatchewan	—	—	25,952,804	10,131,165	—	—	140,000,000	—	165,952,904 10,131,165
- General Revenue Fund (note 4)	—	—	—	—	—	1,143,451	—	—	1,143,451
Due from Government of Canada	—	—	—	—	—	—	—	—	—
Accrued interest and other receivables	57,842	19,337	318,282	59,192	21,671	—	—	397,795	78,529
Due from producers	—	—	—	—	—	3,978	—	—	3,978
	<u>\$ 19,151,029</u>	<u>\$ 5,024,512</u>	<u>\$ 26,271,096</u>	<u>\$ 10,159,357</u>	<u>\$ 10,377,203</u>	<u>\$ 4,976,421</u>	<u>\$ 140,000,000</u>	<u>\$ 1,195,819,592</u>	<u>\$ 20,150,929</u>
Liabilities and Net Assets									
Accounts payable and accrued liabilities	228,321	—	—	—	3,240	561	—	—	231,561 561
Due to Government of Canada	—	—	—	—	—	—	70,000,000	—	70,000,000 —
Deferred revenue	11,640,761	2,865	15,000,000	—	4,360,359	—	—	—	31,001,120 2,865
	11,869,082	2,865	15,000,000	—	4,363,599	561	70,000,000	—	101,232,681 3,426
Net Assets	7,281,938	5,021,647	11,271,096	10,159,357	5,024,204	4,975,561	70,000,000	—	24,577,228 20,157,564
	<u>\$ 19,151,029</u>	<u>\$ 5,024,512</u>	<u>\$ 26,271,096</u>	<u>\$ 10,159,357</u>	<u>\$ 10,377,203</u>	<u>\$ 4,976,421</u>	<u>\$ 140,000,000</u>	<u>\$ 1,195,819,592</u>	<u>\$ 20,150,929</u>

See accompanying notes to financial statements.

Saskatchewan Agricultural Stabilization Fund

Statement of Operations and Changes in Net Assets For the Year Ended March 31

	Waterfowl Account		New Crops Insurance Account		Big Game Damage Account		Agricultural Income Disaster Assistance Account		Total
	1999	1998	1999	1998	1999	1998	1999	1998	
Revenue									
Interest income	\$ 622,394	\$ 10,202	\$ 1,080,729	\$ 190,357	\$ 354,213	\$ (49,824)	\$ ---	\$ ---	\$ 150,735
Province of Saskatchewan									
- General Revenue Fund grant programs	1,898,077	9,200,000	-	5,000,000	959,408	5,478,835	140,000,000	-	142,857,485
Government of Canada	<u>260,181</u>	<u>(2,865)</u>	<u>9,207,337</u>	<u>5,190,357</u>	<u>264,978</u>	<u>2,143,451</u>	<u>140,000,000</u>	<u>525,159</u>	<u>19,678,835</u>
Government of Canada	<u>2,780,652</u>	<u>9,207,337</u>	<u>1,080,729</u>	<u>5,190,357</u>	<u>1,578,599</u>	<u>7,572,462</u>	<u>140,000,000</u>	<u>145,439,980</u>	<u>21,970,156</u>
Expenses									
Indemnities	520,361	4,353,148	-	-	529,955	4,286,902	-	-	1,050,316
Transfers to the Government of Canada	-	-	-	-	-	-	70,000,000	-	70,000,000
Doubtful accounts	<u>520,361</u>	<u>5,702</u>	<u>4,358,850</u>	<u>—</u>	<u>529,955</u>	<u>4,286,902</u>	<u>70,000,000</u>	<u>—</u>	<u>71,050,316</u>
Excess of revenue over expenses for the year	2,260,291	4,848,487	1,080,729	5,190,357	1,048,644	3,285,560	70,000,000	-	74,389,664
Net Assets, beginning of year	<u>5,021,647</u>	<u>173,160</u>	<u>10,190,357</u>	<u>5,000,000</u>	<u>4,975,560</u>	<u>1,690,000</u>	<u>—</u>	<u>20,187,564</u>	<u>6,863,160</u>
Net Assets, end of year	<u>\$ 7,281,938</u>	<u>\$ 5,021,647</u>	<u>\$ 11,271,086</u>	<u>\$ 10,190,357</u>	<u>\$ 6,024,204</u>	<u>\$ 4,975,560</u>	<u>\$ 70,000,000</u>	<u>\$ 1</u>	<u>\$ 94,577,228</u>
									<u><u>\$ 20,187,564</u></u>

See accompanying notes to financial statements.

Saskatchewan Agricultural Stabilization Fund

Notes to the Financial Statements

As at March 31, 1999

1. Status of the Fund

The Saskatchewan Agricultural Stabilization Fund was established under *The Farm Financial Stability Act*.

The following programs have separate accounts within the Fund:

New Crops Insurance Program:

The New Crops Insurance Program was established in the 1996-97 fiscal year pursuant to Part IV of *The Farm Financial Stability Act* and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate the Corporation for insurance losses on new or developmental crops.

Big Game Damage Compensation Program:

The Big Game Damage Compensation Program was established in the 1996-97 fiscal year pursuant to Part IV of *The Farm Financial Stability Act* and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate producers of commercial agricultural crops for losses to field crops and stacked hay resulting from damage caused by big game.

Waterfowl Damage Compensation Program:

The Waterfowl Damage Compensation Program was established in the 1997-98 fiscal year pursuant to Part IV of *The Farm Financial Stability Act* and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate producers of commercial agricultural crops for losses to field crops resulting from damage caused by waterfowl.

Agricultural Income Disaster Assistance (AIDA) Program:

The AIDA Program was established in the 1998-99 fiscal year pursuant to Part IV of *The Farm Financial Stability Act* and is administered by Saskatchewan Agriculture and Food. The purpose of the program is to facilitate the participation of Saskatchewan in a federal-provincial initiative to enhance or stabilize the income of farmers. This initiative, administered by the Federal Government, is to assist producers facing a serious decline in their profit margins for the 1998 and 1999 claim years, due to circumstances beyond their control.

In the event that the programs terminate, any remaining net assets must be returned to the Government of Saskatchewan's General Revenue Fund.

2. Significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles.

Investments:

Investments are recorded at cost less any write down required to reflect a permanent impairment in value.

Measurement uncertainty:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ materially from those estimated.

Revenue Recognition:

Funding received from the Federal Government is considered to be externally restricted and as a result is deferred until the program itself incurs expenses. The Waterfowl, Big Game and New Crops Insurance programs are intended to be funded 50% by the Federal Government. Therefore, the amount recognized as revenue from the Federal Government is the appropriate percentage of the program expenses.

Funding received from the Province of Saskatchewan is not considered to be externally restricted because the entities are under common control. As a result, grant revenue from the Province of Saskatchewan is recognized when the grant criteria, if any, have been met.

3. Pooling of Operations

Prior to April 1, 1998 the financial statements for the New Crops Insurance, Big Game Damage Compensation and Waterfowl Damage Compensation accounts were included in the financial statements of the Saskatchewan Crop Insurance Corporation. Effective April 1, 1998 they are included in the financial statements of the Saskatchewan Agricultural Stabilization Fund.

This change has been accounted for using the pooling of interest method, the effect of which has been to add \$20,190,990 of assets, \$3,426 of liabilities and \$20,187,564 of net assets for the year ended March 31, 1998.

4. Due from Province of Saskatchewan General Revenue Fund

The New Crops bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan. Interest is earned on these funds at the government's thirty day borrowing rate, and is based on the fund's average daily account balance. The average of the thirty day borrowing rate was 5.04% (1998 - 3.77%). The Province of Saskatchewan General Revenue Fund pays interest to the fund on a quarterly basis.

The AIDA Account funds are deposited in the General Revenue Fund. Interest is not paid on this account.

5. Investments

The Fund's investments are:

Maturity	Interest Rate	Waterfowl Account	Big Game Account
April 14, 1999	4.25%	\$500,000	\$500,000
June 13, 1999	4.45%	<u>18,564,636</u>	<u>9,624,040</u>
TOTAL		<u>\$19,064,636</u>	<u>\$10,124,040</u>

6. Planned results

	Budgeted	Actual	Actual
	1998-99 (-\$000)	1998-99 (-\$000)	1997-98 (-\$000)
Revenue			
Waterfowl Crop Damage Compensation	4,500	2,781	9,207
Big Game Damage Compensation	1,000	1,578	7,572
New Crops Insurance	1,000	1,081	5,190
Agricultural Income Disaster Assistance	—	140,000	—
Expenses			
Waterfowl Crop Damage Compensation	4,000	520	4,359
Big Game Damage Compensation	500	530	4,287
New Crops Insurance	—	—	—
Agricultural Income Disaster Assistance	—	70,000	—

7. Fair value of financial assets and financial liabilities

The carrying amounts of the following financial assets and financial liabilities approximate fair value due to their short-term nature:

- Cash
- Investments
- Due from the Province of Saskatchewan General Revenue Fund
- Due from the Government of Canada
- Accrued interest and other receivables
- Accounts payable and accrued liabilities.

8. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies and boards related to the Fund by virtue of common control by the Government of Saskatchewan.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. Other transactions with related parties and amounts due to or from them are described separately in the financial statements and notes.

In accordance with established government practice, the Fund has not been charged with certain occupancy, financing, administrative and other costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision for such costs is reflected in these financial statements.

9. Statement of Cash Flows

These financial statements do not present a cash flow statement because the required cash flow information is readily apparent.

10. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems, which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure, which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.